

## Global information

**Al Gore calls for a network of networks**  
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## India's economy

**Will results match expectations?**  
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## Fuji Xerox

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## Frankfurt's malaise

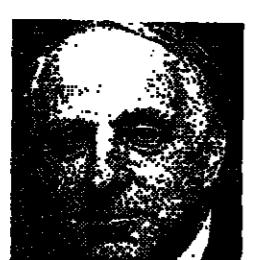
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# FINANCIAL TIMES

Europe's Business Newspaper

D6523A

## European ruling on Guinness questions UK fraud inquiries



The legality of the UK's procedures for fraud investigation and prosecution was called into question by a European Commission on Human Rights ruling that the Guinness trial in London was unfair. The commission upheld a complaint by Ernest Saunders (left), former chairman of the UK brewing group, who was jailed for his role in the 1986 takeover of Distillers. Page 8

**Britain and US launch IMF initiative:** Britain and the US launched an initiative to allow the International Monetary Fund to boost the official reserves of former communist states. Page 18

**Truck sales show signs of recovery:** The west European truck market is showing signs of moving slowly out of recession after four years of falling sales. Page 2

**Renault staff to be offered share discount:** Renault employees are likely to be offered a discount of up to 20 per cent of the price of shares in the French state-owned vehicle builder as part of its partial privatisation. Page 21

**Mandela to hold Zulu talks:** South African president Nelson Mandela holds talks today with two of South Africa's most influential Zulu leaders in an attempt to defuse growing tension in the tribal region. Page 5

**South African bank plans syndicated loan:** Rand Merchant Bank, one of South Africa's three largest investment banks, is to launch the first syndicated loan by a South African company since 1985, marking an important step in the country's return to international capital markets. Page 19

**Apple to license software:** Apple Computer is today expected to announce plans to license its Macintosh software to other manufacturers, allowing them to produce Macintosh "clones". Page 21

**China pressed on unity trusts:** British fund management companies are to press the Chinese government to be allowed to participate in introducing unit trusts to China. Page 8

**Healthcare deals top \$18bn:** More than \$18bn changed hands in mergers and acquisitions in the healthcare industry in the first half of 1994, management consultancy KPMG Peat Marwick says. Page 19; Flotation for independent British Healthcare, Page 20

**France prepares tough budget:** The French government will this week unveil an austerity budget for 1995 designed to cut the central government deficit and bring France closer to European criteria for monetary union. Page 2

**Spain loses fight over ferry services:** British ferry company Cenargo was granted permission to operate a service between Almeria in Spain and Nador in Morocco after a two-year battle with Spanish authorities. Page 2

**India lays down tough telecoms rules:** India announced tough terms for the entry of private companies, including foreign groups, into the country's telecommunications market. Page 4; Canada loosens telephone regulations, Page 21

**Le Pen to stand for French presidency:** Jean-Marie le Pen, leader of France's extreme right National Front party, said he would be a candidate in next year's presidential election. Page 3

**European Monetary System:** In a week which saw some D-Mark weakness against other currencies, the D-Mark managed to hang on to its third place in the EMS grid. It spread against the peseta, the weakest currency in the system, decreased to 4.89 per cent from just over 5 per cent. Currencies, Page 31

**EMS: Grid** September 16, 1994

Guilder	1.00
B.Franc	0.79
D-Mark	1.00
Irish Punt	0.79
F.Franc	0.79
Escudo	0.79
D.Krone	0.79
Peseta	0.79
0	1%
2%	3%
4%	5%
6%	7%

The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

**Hungary plans drugs group sale:** Hungary is to sell about 35 per cent of pharmaceuticals company Richter Gedeon. Part of the issue will be sold via a private placement to international institutional investors. Page 21

**Filtronics Comtek expects £60m price tag:** Filtronics Comtek, a UK manufacturer of components for the mobile telecommunications industry, is to be floated on the stock market with an expected market capitalisation of £60m (£30m). Page 20

**Yeltsin in talks on Abkhazia:** Russian president Boris Yeltsin will today meet the leaders of Georgia and its breakaway region of Abkhazia as Russian peacekeeping troops prepare to begin returning refugees returning to Abkhazia. Page 2

## Sweden's Social Democrats set to win back power

By Hugh Carnegy and Christopher Brown-Humes in Stockholm

ter, would fail to win a parliamentary majority.

The Social Democrats, who ruled Sweden for most of the last 80 years, were set to win 45.3 per cent of the vote, easily enough to defeat Mr Bildt's three-year-old, four-party coalition government.

The reformist coalition was expected to win a combined total of 40.8 per cent, down from 46.7 per cent in the 1991 election. Its rightwing ally, the New Democracy party, was set to fail to win re-election to the parliament.

According to the results, Mr

Carlsson will have to decide whether to form a minority Social Democratic government or seek a formal coalition with at least one smaller party to gain a majority in the Riksdag.

The Left party, a traditional Social Democratic ally, and the Environment party, were set to hold the balance of power, with strongly improved results on 1991. But Mr Carlsson has indicated he might seek an alliance with the Liberal party, a member of the current government.

Mr Bildt's minority coalition

won the 1991 election when the Social Democrats slumped to their worst result for decades, winning only 37.7 per cent of the vote. The government promised radical market reforms of the "Swedish model" to revitalise an economy weighed down by extensive welfare provisions.

But it was in turn hit by the worst recession since the 1930s which shrank the economy by 5 per cent over three years. The most urgent issue facing the new government is a recession-induced crisis in the public

finances. Sweden last year ran a recession-inflated budget deficit equivalent to 13 per cent of gross national product, one of the worst in Europe. The public debt will soon exceed 100 per cent of GNP and is the fastest-rising among countries of the Organisation of Economic Co-operation and Development.

Uncertainty about the shape of the new government and its policies has led in recent months to a sharp rise in interest rates, undermined the value of the Swedish krona and led to a

reduction in 1995 growth forecasts. The financial markets were hoping the election would produce a stable government that would act quickly to tackle the deficit and create conditions for a fall in interest rates.

The new government must also turn its attention to the referendum due on November 13 on Sweden's agreement with Brussels to join the European Union from January 1 next year.

Everyone losing in Danish poll, Page 3

Washington insists junta's departure is the only issue for discussion

## Carter talks hold key to next move over Haiti

By Jurek Martin in Washington

Former US president Jimmy Carter yesterday entered a fourth session of talks with Haiti's military rulers, as senior US government officials in Washington insisted that his mission was authorised only to agree the departure of the ruling three-man junta.

There were persistent reports from the Haitian side that Lt Gen Raoul Cedras, the army chief, was demanding that Mr Jean-Bertrand Aristide, the Haitian president ousted in the 1991 coup, agree to step down as a condition for the junta's capitulation.

Other reports said that General Philippe Namy, the army chief of staff, was holding out against leaving, but that Lt Cedras and Lt Col Michel Francois, the police chief, were resigned to exile.

President Carlos Menem of Argentina yesterday said he was prepared to offer asylum if the junta left before any invasion.

As the US delegation, which also includes Senator Sam Nunn of Georgia and retired General Colin Powell, former head of the joint chiefs of staff, was in talks at the Haitian military's headquarters in Port-au-Prince, a US presidential jet stood ready to whisk them back to Washington.

Mr Carter briefed President Bill Clinton by telephone on Saturday night, as did Gen Powell early yesterday. This encouraged the White House to say the discussions were "serious and constructive", with officials emphasising that there was no US desire to humiliate the junta beyond their forced departure.

But Mr Leon Panetta, the White House chief of staff, Mr Warren Christopher, secretary of state, and Mr William Perry, defence secretary, all said in television interviews that the junta must go. "There is no practical way they can stay after they step down," Mr Perry said.

Officials stressed that the return of Mr Aristide was non-negotiable, especially after his agreement last week not to contest presidential elections scheduled for December 1995. Asked if

moving across the border to the



Jimmy Carter before his meeting with Lt Gen Raoul Cedras in Port-au-Prince yesterday

Picture: Associated Press

conceded that an invasion would mean US troops entering "an extremely difficult environment."

It emerged at the weekend that Mr Clinton decided to send the Carter mission only after Thursday night's televised address in which he had demanded that the junta leave. Mr Panetta said the final decision was taken jointly by Mr Clinton and Mr Carter but he denied that "this last-minute

effort for peace" had been opposed by some administration members. However, the decision was interpreted in Washington as further evidence that Mr Clinton is still deeply ambivalent about ordering an invasion.

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## China aims to invest \$11.7bn in oil sector

By Tony Walker in Beijing

China has set out plans to invest Yn160bn (\$11.7bn) in its outdated petrochemical sector by 2000. A substantial proportion of the funds, including equity participation, will come from abroad.

Mr Li Yizhong, vice president of the China Petrochemical Corporation, promised an aggressive approach to raising capital on world markets to overcome one of the acknowledged weak spots of the country's economy.

Mr Li told *Business Weekly* newspaper that China intended to use international capital markets rather than relying on domestic funds alone. "Utilising foreign capital, especially direct investment, would be our long-term strategy," he said.

Before the year 2000 China would give priority to renewing and expanding existing facilities, especially those in coastal regions accessible to crude oil imports. Sino-foreign joint venture refineries would be allowed to sell part of their product in the domestic market, Mr Li said.

China is negotiating investment deals with several big oil

## Hong Kong election draws strong turnout

By Simon Holberton in Hong Kong

Nearly 700,000 people turned out to vote yesterday in Hong Kong's first fully democratic elections under British rule, undertaken by threats from Beijing to overturn the result of the poll when China resumes sovereignty in 1997.

An exit poll conducted by TVB, a local television station, found that 70 per cent of those who voted said they were not concerned by China's stated intention to overturn the election.

Mr Chris Patten, the colony's governor, said the turnout underlined that local people wanted a say in how their community was run. The vote was the mark of an "open, self-confident and plural society", he said.

The strong voter turnout – numbers were more than 50 per cent up on a similar poll in 1991 – was seen by analysts as indicative of strong support for Mr Stephen Tang, a political analyst, said China should reconsider its plan to dissolve Hong Kong's political structure.

China legislated this month to hold fresh elections for all three tiers of representation in Hong Kong after it takes over in 1997. Last year talks between London and Beijing broke down when the two were unable to agree on the terms of the last elections to be

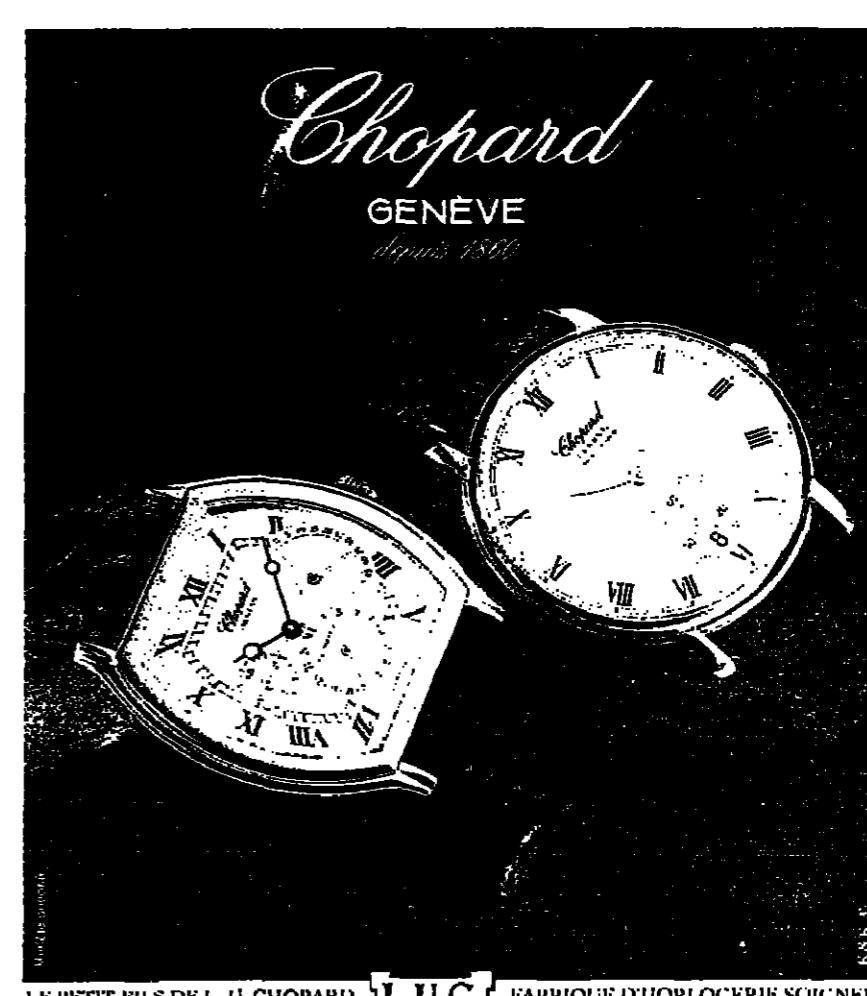
conducted under British rule. Mr Patten proceeded with measures to establish an election infrastructure which he claimed was fair, open and acceptable to the people of Hong Kong.

China for its part set about appointing advisers to inform Beijing about the concerns of ordinary people.

As part of the Patten plan, two further sets of elections will be held in Hong Kong next year, culminating next September in polls for the Legislative Council, the colony's lawmaking body.

The number of voters was about 250,000 more than the turnout in a similar poll in 1991. Then voters were electing two-thirds of the colony's district boards, or local councils, with the remainder appointed by the government.

However, as a percentage of Hong Kong's registered voters, yesterday's vote, at 33.1 per cent of the electorate, was only ahead marginally of that achieved in 1991. Hong Kong electoral rolls are not kept up to date. Candidates estimated that up to 20 per cent of the roll was inaccurate.



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## NEWS: EUROPE

## Everyone losing in Danish poll

**Rasmussen likely to stay on as head of minority government**

By Hilary Barnes in Copenhagen

There will be many losers and no winners in the election to the Danish parliament on Wednesday, unless the opinion polls are badly misleading.

The opposition Liberal and Conservative parties, hoping to form a coalition government, will make gains, but not enough to control a majority. The four-party centre-left coalition government, headed by the Social Democratic leader, Mr Poul Nyrup Rasmussen, will lose seats, but Mr Rasmussen is expected to hang on as head of a minority administration.

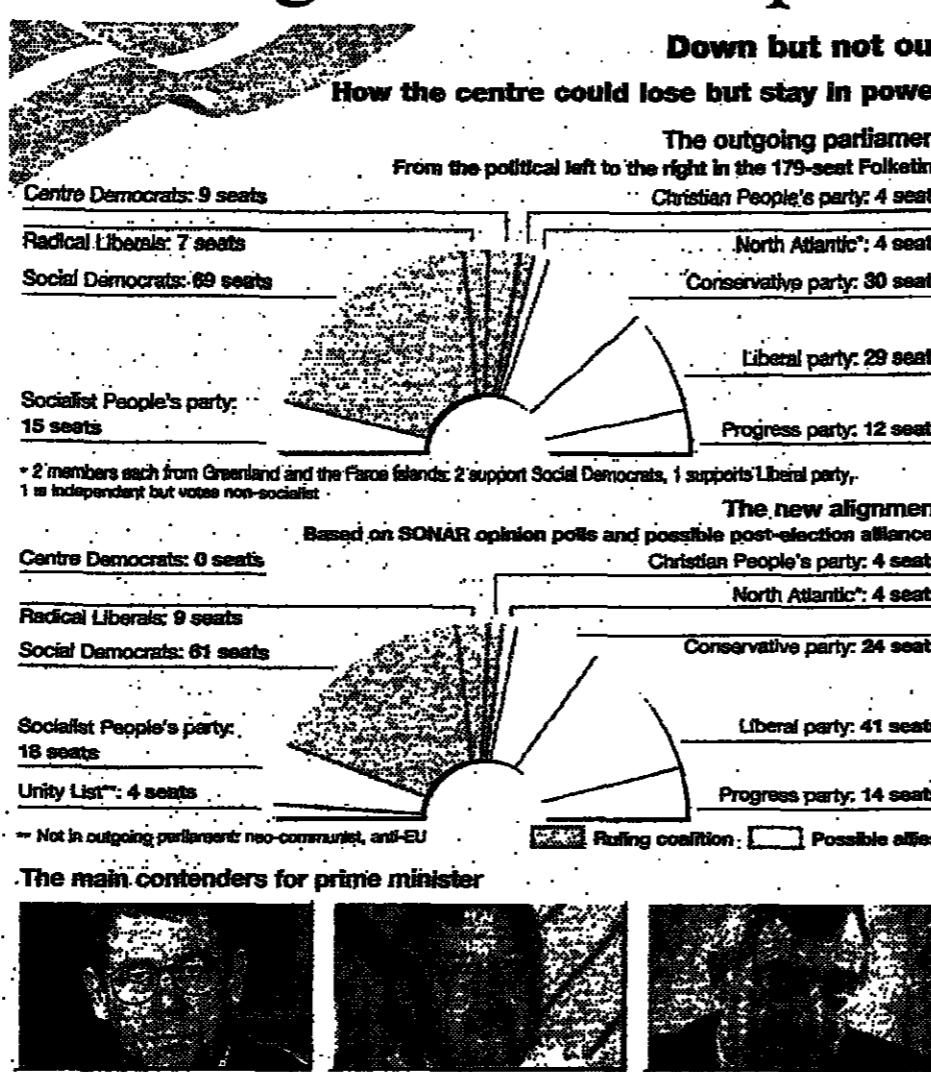
Such a government, however, would be dependent on the parliamentary support of the left-wing Socialist People's party, an uncomfortable ally. The SPP has no inhibitions about government spending, and is not put off by the fear of speedier inflation, a stance which the financial markets have already noted.

Mr Rasmussen's campaign has gone sour. For months he has promised that his government would "put a downward kink in the unemployment curve". However, despite an expansive fiscal policy, which will give the country a GDP growth rate of 4 per cent or more this year, the July unemployment figures played into the opposition's hands: they showed an upward kink in the jobless curve from 12.3 to 12.5 per cent, seasonally adjusted.

Welfare is the election's other central issue. Mr Rasmussen, promising more and better welfare, has not always scored well on this issue either. In a campaign devoted almost entirely to photo opportunities, he strode into a Copenhagen hospital last week, taking the hands of a frail patient and telling her how much better the hospitals would be if his government was confirmed in office. A television crew stayed behind when Mr Rasmussen rushed on and asked her if she believed the prime minister's promises. Her convinced and articulate negative was the highlight of the main evening TV news.

Small missteps, perhaps, but the SPP's opinion poll ratings, excellent at the start of the campaign, have weakened by the day. Gallup at the weekend gave the SDP about 33 per cent, compared with 37.4 per cent in the last election.

Nor has the campaign been a great success for Mr Uffe Ellemann-Jensen, the Liberal leader, or Mr Hans Engell, the Conservative leader. Their only chance of forming a gov-



The main contenders for prime minister



overnment requires the parliamentary support of the right-wing populist Progress party, but wooing the populist voters moderate voters. They find the Progress party's refugee policy, calling for closed frontiers, and with racist undertones, particularly distasteful.

Mr Poul Schlüter, Conservative prime minister for 10 years from 1982 (and now a Euro MP), undoubtedly expressed the feeling of many moderate non-socialist voters when he said last week that he was unhappy at the prospect of a formal alliance between the Liberals and Conservatives and the Progress party.

The Liberals and Conservatives are also making heavy weather of their message that a country where government expenditure has reached 64 per cent of GDP and which has the highest tax burden of any country in the Organisation for Economic Co-operation and Development, about 49 per cent of GDP, needs to reform the welfare state before the welfare state precipitates economic collapse. No less than 44 per cent of the adult population is dependent on transfer incomes such as benefits and pensions from the government, and the

state sector provides 35 per cent of total employment.

The campaign for yesterday's election in Sweden, where the incumbent centre-right of government Mr Carl Bildt sought to persuade voters that drastic cuts in government spending were required to solve the crisis that has already hit Sweden's public finances.

"It's a difficult message," said Mr Ellemann-Jensen. "Almost 50 per cent of the voters think we are going to take something away from them."

The Liberals and Conservatives want to concentrate resources on the health system, education and social services, and to curb cash welfare benefits.

Only one thing looks as if it could upset Mr Rasmussen's chances of a second term. This is that one or more of the small centre parties in his present coalition, the Radical Liberals, the Centre Democrats and the Christian People's party, become so worried by the prospect that the SPP will obtain leverage on the government that they switch their allegiance and back a government headed by either Mr Ellemann-Jensen or Mr Engell.

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## Paris austerity budget on way

By John Riddick and David Suchan in Paris

The French government will this week unveil an austerity budget for 1995 which banks on stronger economic growth next year to prune the central government deficit and bring France closer to European criteria for monetary union.

Most of the planned reduction in the budget deficit - from FFr300bn (\$36bn) this year to FFr275bn next year - is due to come from the automatic increase in tax revenue that is expected from 3.1 per cent growth in the French economy next year, and from refusing to let public spending rise more than next year's expected inflation rate of 1.8 per cent.

Senior government officials expect the budget to be unveiled on Wednesday, to win plaudits from the international markets. As one said: "It shows that we are mastering our spending while still continuing our structural reforms to encourage employment", with the state shouldering more of the welfare taxes currently borne by companies.

But Balladur aides counter that French companies are now sufficiently flush with cash and committed to planning for economic recovery to be now deterred from hiring or investing by the minor tax increase. French companies should recognise that their "Balladur balance sheet" is positive, said one aide, because they gained a cash injection from faster value added tax reimbursement last year and will be relieved of FFr17bn in

government on the "professional tax" which they pay to French local authorities and which is levied on their capital assets and payrolls. The threshold at which the state would start paying its rebate would rise from the first 3.5 per cent of the tax to 4 per cent. The change would save the government, and cost the companies, FFr4bn.

Mr Francois Perigot, the Patronat president, last week called the measure "counterproductive" because it would discourage both employment and investment, thanks to the way the tax is calculated.

Employers say they are dismayed to see a conservative prime minister - Mr Edouard Balladur - reverse the steady trend over the past decade, mostly by Socialist governments, to reduce the corporate tax burden.

But Balladur aides counter that French companies are now sufficiently flush with cash and committed to planning for economic recovery to be now deterred from hiring or investing by the minor tax increase. French companies should recognise that their "Balladur balance sheet" is positive, said one aide, because they gained a cash injection from faster value added tax reimbursement last year and will be relieved of FFr17bn in

family allowance charges this year and next.

Mr Nicolas Sarkozy, the budget minister, yesterday claimed that the increased burden of the "professional tax" would fall only on large businesses and would not affect companies with annual sales of less than FFr50m. The CGPME, the industry association which represents small and medium-sized businesses, said it was reassured by the minister's statement.

Mr Balladur's budget may spark some dissent within his conservative majority in parliament, where some deputies would like to see cuts in income tax as well as welfare charges while others may take up business complaints. But such concerns are unlikely to drive them into the rival presidential camp of Mr Jacques Chirac, who has been urging the government to pay more heed to social concerns - a point Mr Balladur hopes to blunt in his budget by giving the biggest spending increase to the labour ministry.

This year's squabbles between ministers over whose departmental budgets should bear the brunt of austerity were described by a Balladur aide as "a harder battle" than last year, when spending for public housing and works was increased to counter recession.

But ministers were said to have been unanimous on the need for overall restraint on current budget spending, out of recognition of the other two looming problems of servicing a greatly increased state debt and of plugging the social security deficit. The latter is supposed, in France, to be met by employers and union, but at nearly FFr50bn it is increasingly beyond their means to cope with.

At end-1993 the total French public sector deficit, including social security, was nearly 6 per cent of gross domestic product, while the Maastricht target is set to be within 3 per cent by 1997.

Other measures in the budget include tax rises of 4 per cent on leaded, and 6 per cent on unleaded, petrol. The government has felt able to abandon recent practice of fiscally favouring the unleaded variety, because its increasing use is mandated by European environmental rules anyway. The government has also hit on a ruse of gaining more money from tobacco without upsetting "the smokers' vote" next year. The tobacco companies are to be made to have a "spontaneous" decision to raise their prices by about 7 per cent, a move that should bring an estimated FFr4bn in extra tax receipts.

## LE PEN ANNOUNCES PRESIDENTIAL CANDIDACY

Mr Jean-Marie Le Pen, the leader of France's extreme right National Front party, yesterday said he would stand as a candidate for next year's presidential election, becoming the first French politician officially to throw his hat into the ring for the spring contest. John Riddick writes.

Mr Le Pen, who advocates tough anti-immigration policies told a rally of about 10,000 party faithful that he would also make the fight against corruption a central plank of his campaign.

"We must pursue the corrupt and deliver them to justice," he said, reinforcing the view that a recent spate of investigations into politicians and businessmen officially to become an important election issue.

In last year's general elections, the National Front won about 12 per cent of the votes, compared with a peak of 14.4 per cent support in presidential polls in 1988. Support for Mr Le Pen's party slipped to about 10.5 per cent in June's elections for the European parliament.

Mr Philippe de Villiers, whose anti-Maastricht list took votes from the National Front and won a surprising 12 per cent of the votes in the June poll, hinted at the weekend that he might also stand as a candidate in the presidential elections.

The strongest potential candidates on the political right have yet to announce their intention to stand in the elections: Mr Edouard Balladur, the prime minister, and Mr Jacques Chirac.

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## NEWS: INTERNATIONAL

Leaders see rising inflation as country's biggest problem

## China announces price curbs campaign

By Tony Walker in Beijing

China is redoubling its efforts to contain inflation with a new campaign to curb rises in the prices of grain, cotton and chemical fertiliser.

Along with this announcement at the weekend, Beijing also promised a drive to recoup unpaid taxes, in order to overcome an expected revenue shortfall this year. Tax receipts have fallen well short of expectations. The government also said it was strengthening its prices surveillance to "stop unauthorised rises in grain, edible oil, meat, eggs and vegetables".

The latest anti-inflation drive reflects deepening official concern over signs of a renewed acceleration of prices following some slowing earlier this year.

Figures published last week by the State Statistical Bureau showed that consumer prices in China's 35 main cities rose 7.1 per cent during the year to August, compared with 24.2 during the year to July. The July-to-August inflationary surge prompted an announce-

ment by a worried leadership that fighting inflation would be the government's main priority for the rest of this year.

In his work report to the annual session of China's parliament this year, Premier Li

Peng said the government would strive to contain price rises nationally to 9 per cent; but that figure has since been revised to 15 per cent.

This compares with a rise in the national retail price index

of 13 per cent last year.

Western economists say the government will have its work cut out to bring inflation below 20 per cent by the end of the year.

Meanwhile, one of China's

top tax officials has sounded the alarm about difficulties collecting taxes under a new tax regime introduced at the beginning of this year.

Mr Xiang Huaichen, deputy director of the State Adminis-

tration of Taxation, said tax inspectors were being urged to step up their efforts to retrieve unpaid taxes.

According to Mr Xiang, taxes collected from industrial and commercial sectors, which account for the bulk of taxes, were just 64 per cent of the total due in the first eight months of the year. "We face a hard task getting the remaining 36 per cent in the next four months," he told the official Xinhua news agency.

China budgeted for a deficit of Yn66.9bn (£5bn) this year, but total obligations, including debt service, will exceed Yn100bn. Unexpectedly low tax receipts are putting pressure on the budget.

A senior Chinese economist

has warned of the risks to agricultural production of the loss of arable land.

Mr Li Jianghe, deputy director of the State Securities Regula-

tory Commission, blamed "inadequate agricultural produc-

tion" for pressure on prices. China was losing 270,000 hectares of arable land each year while adding 14m citizens, he said.

Mr Monjo said prospective investors were encouraged by Pakistan's economic liberalisation programme, which had remained intact despite five changes of government last year. He also said a new energy policy, announced by the government this year, was attracting new investors.

Pakistani officials expect the two countries to sign fresh joint venture investments worth up to \$2bn by next summer. If those forecasts prove accurate the extent of US investments in Pakistan could rise substantially. In the past 46 years, US businesses have invested up to \$45bn in Paki-

stan.

According to Pakistani energy officials, new commitments to support investments of up to \$5bn have been received by the Ministry of Water and Power in Islamabad since the energy policy was announced.

If those projects are exe-

cuted, they will add almost 5,000 megawatts to Pakistan's existing power generation capacity of approximately 9,500MW.

## US official to visit Pakistan

By Farhan Bokhari in Islamabad

Ms Hazel O'Leary, the US energy secretary, is to visit Pakistan this week in an initiative to promote US investments in Pakistan.

Ms O'Leary will head a delegation of more than 70 leading business people with interests mainly in the energy sector.

Mr John Monjo, the US ambassador to Islamabad, described the visit as "a forward-looking event" in encouraging private American investments.

The two officials played down concerns that prospects for new investments were limited until Pakistan and the US resolve their dispute over Islamabad's controversial nuclear programme. Washington cut off aid to Islamabad three years ago amid concerns that Pakistan was producing nuclear weapons - a charge denied by Pakistan.

Although Ms O'Leary is not

expected to sign any fresh aid agreements, her visit will help encourage US businesses to consider investing in Pakistan, officials from both sides said.

## Beijing to step up Gatt claims

By Tony Walker

China this week steps up its efforts to win crucial US backing for its membership of the General Agreement on Tariffs and Trade during talks in Geneva.

Mr Long Yongtu, China's Gatt negotiator, said Beijing's latest package presented in talks last month with the US contained significant concessions, especially in the proposed phasing out of non-tariff barriers on agricultural products.

Officials in Beijing are describing as "crunch time" the latest round of discussions on China's application to re-enter Gatt and become a founder member of its successor body, the World Trade Organisation. The US, which has been entrusted with responsibility for negotiating terms for China's Gatt entry, has said Beijing still has some distance to go before it

can be a founder member of the WTO, if that body comes into effect as planned at the beginning of 1995.

But China, which was an inaugural member of Gatt in 1949 before withdrawing in 1950 after the communists came to power, is insisting that its growing weight as a trade power makes it imperative that it be admitted to the world trading body. Mr Long, a vice minister of the Ministry of Foreign Trade and Economic Co-operation, said China's new Gatt package included undertakings to phase out the remaining 784 items covered by non-tariff controls. He said China was not seeking special privileges in the new world trading system.

China last month presented a 900-page proposal for discussions with US officials. Negotiations are expected to last through October. Western officials doubt negotiations can be completed in time for Beijing to be a founder member of the WTO, if that body comes into effect as planned at the beginning of 1995.

Beijing has proposed that as a developing country it be allowed a transition phase to tailor its economy to Gatt requirements. The US has shown little enthusiasm for this proposal, but is expected to agree to such an arrangement in the end.

Mr Li Jianghe, deputy director of the State Securities Regula-

tory Commission, blamed "inadequate agricultural production" for pressure on prices. China was losing 270,000 hectares of arable land each year while adding 14m citizens, he said.

## Singaporeans weary of the high cost of driving

Thinking of buying a new car but shocked by the expense? Take comfort. You could be living in Singapore.

A Jaguar XJ32 costs about \$530,000 (\$139,000) to put on the road in Singapore. The equivalent model in Britain costs around £28,000. At the other end of the market, a Proton manufactured in neighbouring Malaysia costs about \$85,000 to drive in Singapore. In Britain a Proton can be picked up for under £7,000.

Import duties and other taxes take their toll but perhaps the fastest accelerating cost of a government Certificate Of Entitlement (COE), the vital piece of paper that allows you to take your already expensive machinery on to the road.

Singapore has 2.5m people squeezed on to an island of only 240 square miles. Determined to avoid the traffic chaos of Bangkok and many other Asian cities, the government brought in the COE system in 1990 in order to control the car population. The government releases only a certain number of COEs each year. A new car cannot be registered without one.

COEs are obtained by dealers and the public through a monthly bidding system with the government. If 8,000 people are bidding for 4,000 COEs available, the government fixes the COE cost at the level of the lowest successful bid.

On Friday the government announced the prices for Octo-

ber COEs. In future Singaporeans will have to dig even deeper into their pockets to experience the joys of motoring. Over the past month a COE for the bigger, more luxurious models has gone up by \$10,000 to \$34,000. COEs for smaller engined cars have gone up by about \$5,000.

Mr Philip Eng, managing director of Cyclo & Carriage

in Germany costs around DM100,000 (\$41,000).

At the lower end of the market a Proton's showroom price will be around the \$45,000 mark. Add in the cost of a COE and the price will more than double.

According to Mr Eng, "The price level of owning a car here is much higher than in Europe or the US. Here, all the extra we fit in our cars, like stereos or the upholstery, have to be top of the range."

Mr Eng says that with about 12 per cent of the total car market, Mercedes has a bigger market share in Singapore than anywhere else in the world.

He says that demand well exceeds supply for C class, the compact Mercedes range. Sales of the S class vehicles are growing and now running at about 500 a year.

But incomes of Singaporeans have risen sharply in recent years, owning a car is an impossible dream for many people. The rapidly rising costs of cars has become a political issue.

The COE system brings billions of dollars into the exchequer each year. However, the government is criticised for what is seen as an inequitable system.

One government critic asks:

"What about the market trader or hawk? They need cars more than the Towsays [big businessmen] and their Tai Tais [ladies of leisure]."

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## Cuba acts to end chronic food shortfall

By Pascal Fletcher in Havana

Cuba, moving to resolve chronic food shortages which have caused discontent among its population, will soon introduce markets where state farms and individual farmers will be able to sell excess produce after fulfilling established government production quotas.

The weekend announcement of the change in policy was made by Cuban defence minister General Raul Castro, brother of President Fidel Castro and the number two in the ruling Cuban communist party hierarchy.

The announcement signalled another step in Cuba's cautious moves to introduce limited market reforms to its centrally run state economy.

The changes are expected to follow the lines of similar farm reforms already introduced by China and Vietnam. Gen Castro said solving the food crisis was a priority for the government. While the agricultural markets would have regulations and taxes, "supply and demand should basically operate", said Gen Castro, saying the government would not involve itself in setting prices. Prices would in any case be much lower than those existing on the black market, he said.

The production of food, especially staples like meat, rice, beans, fruit and vegetables, has been a particular black spot in the Cuban economy since the collapse after 1990 of trade and aid ties with the former Soviet bloc. Starved of inputs like fertilisers, herbicides and tractor spares, farm production, including strategic sugar exports, has fallen sharply, a situation made worse by adverse weather.

Other factors were inefficiency, wastage of resources and lack of price incentives for farmers obliged to sell exclusively to the state, foreign diplomats said.

Popular pressure had grown for the liberalisation of food production, but the topic was surrounded by agonised ideological debate at the highest levels of the party.

In the first half of the 1980s, Cuba introduced a similar experiment with so-called "peasants' markets" where farmers could sell vegetables, fruit, pork and chicken.

But these were shut down after President Castro complained they led to the excessive enrichment of some individuals, especially middlemen who bought and re-sold produce. Raul Castro's announcement was the first public acknowledgement that the farm reforms were imminent, but senior officials said more than 70 markets were already operating experimentally around the island, excluding Havana city.

One such "pilot" market was operating at San Nicolas de Bari in Havana province, where farmers at the weekend directly sold rice, avocado, bananas and yucca (manioc root) to the public.

Since the 1980s, small private farmers have made commitments to sell previously agreed upon quantities of produce each year to the government.

### INTERNATIONAL PRESS REVIEW

## Politicians ready for next stage of 'ice hockey' war

### QUEBEC

By Bernard Simon

Mr Jacques Parizeau often compares his Parti Quebecois' struggle for independence from Canada to the three periods of an ice hockey game.

The first period ended with last October's national elections, when separatists gained a powerful voice in the federal House of Commons by becoming the official opposition with 54 MPs. The second period was last Monday's provincial election in Quebec, in which the PQ hoped to gain a strong mandate to lay the groundwork for its planned breakaway.

If Mr Parizeau's dreams come true the final period has now begun, and will culminate in a big Yes vote in an independence referendum some time before the end of 1995.

With the start of the hockey season just a few weeks away, it wasn't surprising that many Quebec newspapers took up Mr Parizeau's metaphor to comment on the outcome of last Monday's poll. The PQ won 77 of the 125 seats in the National Assembly, but gained only 44.7 per cent of the popular vote, just a fraction more than the defeated Liberals.

The Quebec media, by and large, has tended to sympathise with the nationalist cause. But several of the province's most influential commentators see the hockey game developing somewhat differently from Mr Parizeau's scenario. "The third period will be long, rough and chaotic," wrote Mr Gilles Lesege, in *Le Devoir*, Quebec's highbrow, French-language paper.

A cartoon in another paper showed Mr Parizeau and Liberal leader Daniel Johnson in hockey gear, facing off for the third period. Neither of the two men carried a hockey stick.

Referring to the 1980 referendum on a loose form of "sovereignty-association" which was held when the PQ was last in office, Mr Lesege noted that "there's the risk of Quebec being broken in two as it was 15 years ago, as it turns towards a nightmare in which no one wins."

The unexpectedly low proportion of Quebecers who voted for the PQ is widely interpreted, at least for the time being, as evidence that the separatists face an uphill struggle in the referendum campaign.

Lysiane Gagnon, a columnist for *La Presse* in Montreal, noted that even fewer people would have voted in favour of Quebec."

## Investors relieved at \$5bn Exxon award

By George Graham in Washington

Exxon's share price is expected to rise when trading begins today following a federal jury's award of \$5bn in punitive damages against the oil company for the 1989 oil spill from its tanker Exxon Valdez.

Financial analysts expected the news to cheer investors, who have been concerned that damages for the Exxon Valdez spill, which devastated Alaska's Prince William Sound, could run as high as \$15bn.

The damages award is one of the

last phases in a drawn-out legal battle over Exxon's liability for the Exxon Valdez wreck, which destroyed fish stocks and wildlife with an oil slick of more than 250,000 barrels.

When the jury verdict was announced late on Friday in a federal court in Anchorage, Exxon shares rose by \$1.50 to a New York close of \$60.25, and further gains were recorded in trading after hours.

Lawyers for the plaintiffs said they were "ecstatic" about the award.

The 80 law firms involved are

expected to reap more than 20 per cent of the money.

Mr Lee Raymond, Exxon's chairman, denounced the award as "excessive by any legal or practical measure."

"We will use every legal means available to overturn this unjust verdict, which is not a final judgment," Mr Raymond said.

"It will be reviewed and we trust it will be modified by the trial court or by appellate courts."

Legal experts said Exxon could either seek to have the award reduced

by the courts, or use it as a ceiling for a negotiated settlement with the thousands of fishermen, native Alaskans and landowners who brought the claim.

Exxon has spent \$2.1bn on cleaning up the spill and paid \$1.3bn to settle a range of civil and criminal charges brought by federal and local governments, residents and businesses.

In this suit, the jury last month awarded \$287m in compensation for the damage caused by the oil slick to fish stocks.

But the jury found that Exxon and

Mr Joseph Hazelwood, captain of the Exxon Valdez, had acted recklessly, paving the way for additional punitive damages. Plaintiffs had claimed up to \$15bn.

Other cases involving crab fishermen and native Alaskan corporations are still pending, with some of the claims being heard in state court.

The jury also ordered Mr Hazelwood to pay \$5,000 in punitive damages, even though the plaintiffs had only asked for a symbolic \$1 award against the tanker captain.

## Mandela to hold Zulu talks

Mark Suzman on a rift between the King and Chief Buthelezi

President Nelson Mandela today holds talks with two of South Africa's most influential Zulu leaders in a bid to defuse tensions in the tribal region.

Zulu King Goodwill Zwelithini is at odds with Inkatha Freedom Party leader and Home Affairs minister Chief Mangosuthu Buthelezi, who is also the King's traditional prime minister, over an invitation the monarch issued to President Mandela to attend next Saturday's Shaka Day ceremony in Ulundi, the Zulu capital.

Chief Buthelezi has objected

to President Mandela's presence at the celebrations, held annually to commemorate the great nineteenth century Zulu monarch, on grounds that proper protocol was not followed when the formal invitation was made directly to the president instead of being routed through him as the King's chief minister.

The invitation is seen as part of a strategy adopted by the King to reduce his dependence on Chief Buthelezi's Inkatha Freedom Party by building up independent links with the African National Congress and thereby setting himself up as

an apolitical tribal monarch.

Even if a compromise is reached on the Shaka Day issue, the controversy is still damaging to the minister as it tarnishes his image as the King's main political ally.

In the run up to the April elections, Chief Buthelezi, who is a member of the royal family and uncle to the king, portrayed himself as the main defender of the Zulu monarchy in order to boost his Inkatha Freedom Party's stature among conservative Zulus.

Since then, however, King Goodwill appears to have grown dissatisfied with his role

as a virtual puppet of his uncle and there has been speculation that he may dismiss Chief Buthelezi from his role as prime minister to the King and replace him with another royal family member more sympathetic to the ANC.

In other signs of tension, the King recently replaced his KwaZulu police bodyguard, appointed by Chief Buthelezi, with national police officials and at the weekend the Chief failed to turn up to the annual reed dance festival in Nongoma, near Ulundi, at which he traditionally accompanies the King.



Zulu King Goodwill (left) at odds with Buthelezi



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## NEWS: HAITI

# Carter: world trouble-shooter extraordinaire

Jurek Martin on the man who was catapulted into Haiti at the eleventh hour

Even by his own standards, this was not exactly a normal weekend in the extremely busy life of former President Jimmy Carter.

Mr Carter himself was in Port-au-Prince at the head of the US delegation seeking a last minute solution that might prevent the fully-fledged invasion of Haiti.

From the other side of world, the North Korean capital of Pyongyang, came word that Kim Jong-il was seeking his services to arrange a summit between himself and President Kim Young-sam of South Korea.

The list of the former president's international mediation on the last five years is quite extraordinary, beginning in 1989, when he helped broker the settlement in Ethiopia that led to the independence of Eritrea. In 1990, he led international monitoring teams covering the elections in both halves of the island of Hispaniola - the Dominican Republic and Haiti. It was during the latter that he established a relationship with Lt Gen Raoul Cedras, then in charge of security for the elections and nine months later leader of the coup that removed President Jean-Bertrand Aristide. The two have remained in touch in recent weeks.

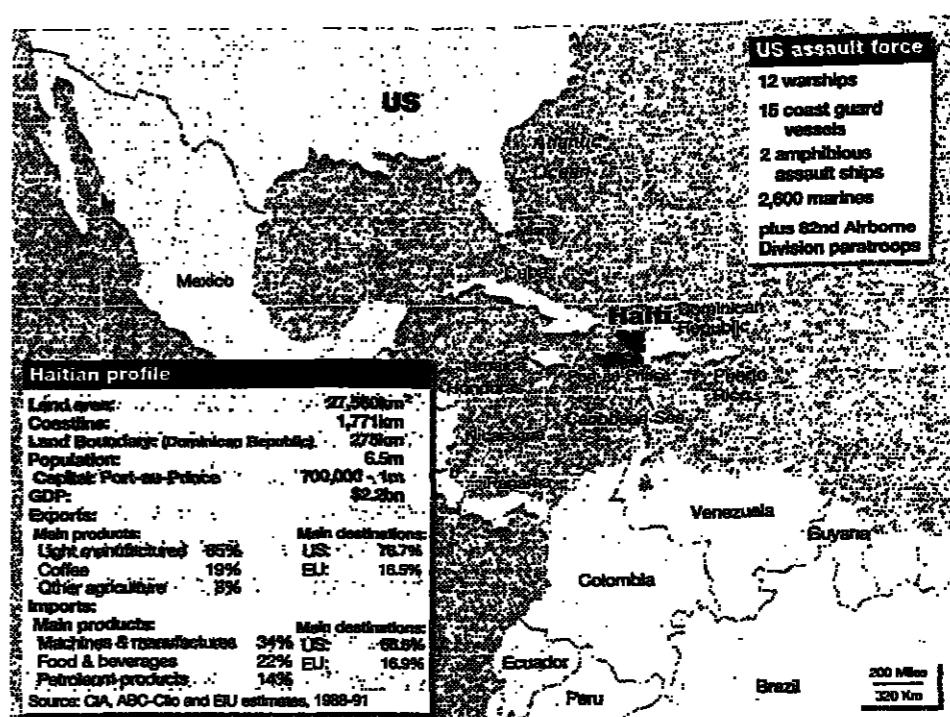
In 1991, he was a principal monitor of the elections in Zambia, in 1992 Guyana and in 1993 Paraguay. Earlier this summer, in Pyongyang, he managed to persuade Kim Il-sung, the late North Korean dictator, to reopen negotiations with the US that, for the moment, have defused tensions over the nuclear question.

These are merely the most visible of his activities, along with his domestic good works, mostly centred on building affordable public housing for the poor.

As a result, Mr Carter, bur-



Cedras: he has stayed in touch with Carter over the past few weeks



The country's economy is at rock bottom, report Canute James and Stephen Fidler

## High hopes from Haiti's downtrodden

President Jean-Bertrand Aristide, if returned to power on the back of American political pressure or invasion, will face a devastated economy and high economic expectations from Haiti's poor majority.

In spite of a reputation as a left-wing liberation theologian, he has indicated to donors that he intends to introduce an economic reform programme backed by an International Monetary Fund standby loan.

According to a study by the International Development Association, the soft-loan arm of the World Bank, the country will need some \$500m (£354m) in foreign assistance in the first 12-15 months. Mr Aristide's officials have calculated some \$70m in aid commitments over the same period, though it is not clear that the type of commitments exactly meet assistance needs.

The US has indicated it will provide some funding, while traditional donors such as Canada and France will also contribute, along with the international financial institutions led by the IMF. Some funds will come from the unlocking of Haitian foreign assets which have been frozen as part of the economic embargo.

Mr Rainer Steckhan, the World Bank official leading aid efforts for Haiti, said the initial priority is humanitarian assistance and poverty

relief. Per capita income has dropped unrelentingly since the early 1980s with a precipitous decline in living standards in 1992 and 1993, in the face of international economic embargoes following the 1991 coup. Half the 7m population is receiving just 75 per cent of nutritional requirements; one in 10 babies die before they are one year-old.

There has been a precipitous decline in living standards following the coup in 1991

The next step should be one of reconstruction and rehabilitation, with the unlocking of Haitian foreign assets which have been frozen as part of the economic embargo.

The next priority is the development of infrastructure, in particular power generation and water treatment, which envisages an important

role for privatisation and a reduction of the role of the state in the economy. In rural areas, where initially some credit will be needed for smallholders for example to buy seed, help will be needed to reforest the country and prevent further soil erosion.

According to an assessment presented to donors in Paris last month by the IDA, a series of reforms to modernise the state is necessary. A cut in the size of the armed forces, perhaps to a fifth of their 7,500 strength, and creation of a proper police force are seen as the main priorities.

The number of public servants, estimated at around 45,000, should be cut and the civil service reformed. This should be accompanied by privatisation and deregulation, including an ending of exchange controls.

Some of these will be difficult and unpopular decisions. Public service has been traditionally used to offer jobs as a reward for political favours and the envisaged trade liberalisation will be resisted. The IDA has recommended that import restrictions be lifted and that tariffs removed, except those on rice, corn, beans and sorghum, which should be halved.

Economic improvement in the months after a change of power will depend on the speed at which imports

tant institutions can be rebuilt. The integrity of the commercial banking sector has been undermined by increasing interference by the monetary authorities seeking finance for the state. The position of the banking sector worsened last month after virtual raids by the central bank inspectorate, ostensibly to verify foreign currency holdings.

The money printing presses have been used freely to finance the government

unemployment is estimated at 55 per cent, although about two out of every three Haitians are not part of the formal economy.

The light manufacturing sector, mainly of sporting goods, textiles and electrical appliances - has been killed by the trade embargo. A similar fate has overtaken export agriculture with coffee the main export. According to the IDA, Haiti saw its exports decline from \$163m in 1991 to \$72m in 1993, while imports fell from \$300m to \$173m in the period.

Successive administrations have defaulted on repayments on the foreign debt of \$82m, and the country is in arrears to the international financial institutions by about \$80m. These arrears will have to be cleared - probably by donor - before the IMF, World Bank and Inter-American Development Bank can resume lending. The country will also need debt write-offs similar to that in July 1991 when France forgave \$55m.

Any post-Cedras government is likely to find itself under pressure to deliver quickly.

Mr Aristide's supporters, mainly from Haiti's poor majority, had expected an almost immediate improvement in living standards when he took office in 1991. His return will refute these expectations.

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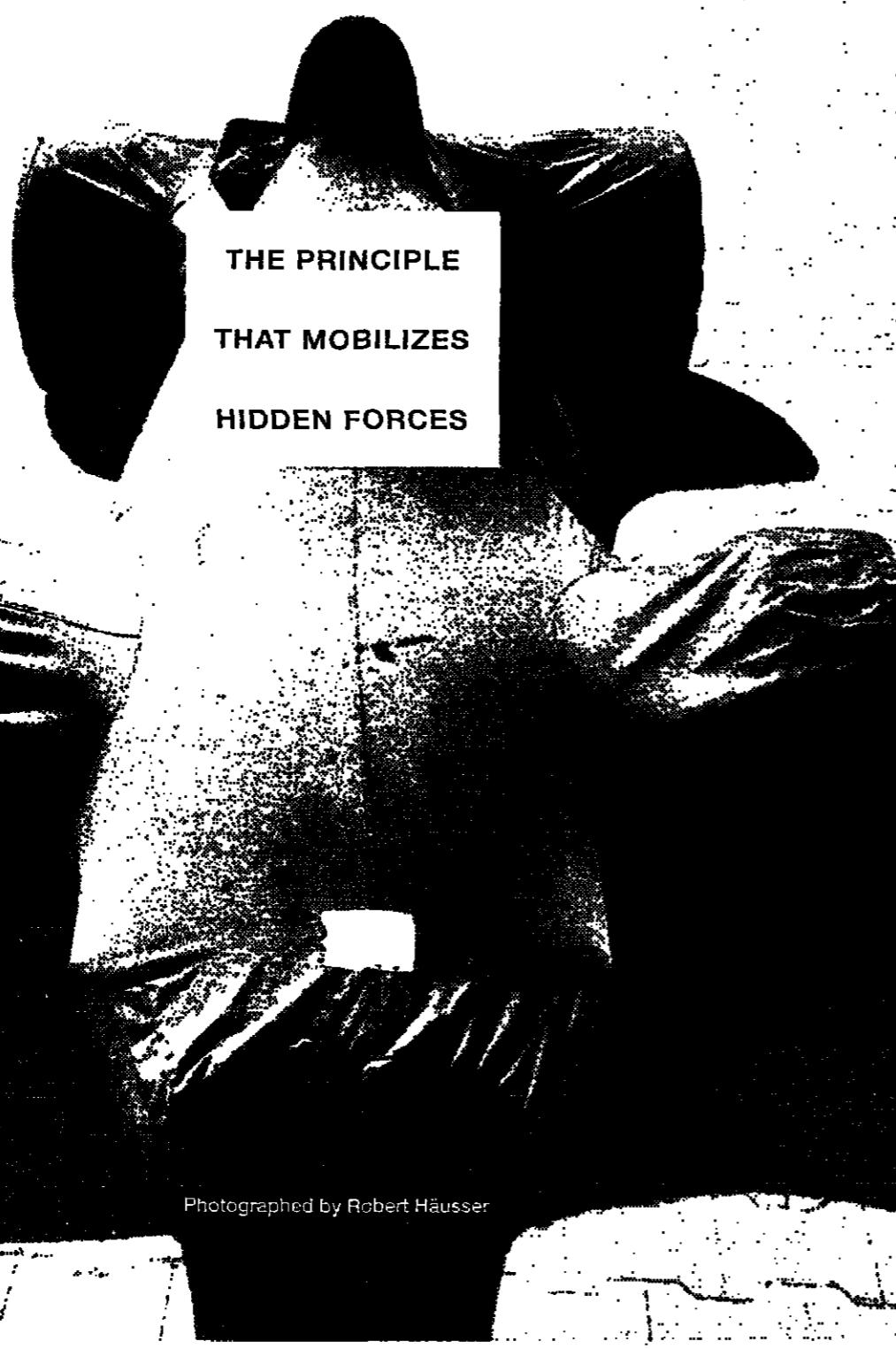
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## NEW DIRECTIONS FOR THE NINETIES

ADVERTISEMENT

# Turning the High Yen To Its Advantage

**Tsutomu Kanai, President of Hitachi, Ltd., explains how his company has capitalised on the high-valued yen.**

By Russell McCulloch



Mr. Tsutomu Kanai, President, Hitachi, Ltd.

**McCulloch:** While the Japanese economy slowly recovers, manufacturers such as Hitachi, Ltd. must cope with the negative effects of an appreciating currency. Has the strong yen brought any benefits?

**Kanai:** If you view the currency factor from a long-term perspective, the yen's appreciation against the US dollar is actually a reflection of the underlying strength of the Japanese economy and of the country's corporate structure.

If Japanese companies try to capitalise on the benefits offered by the strong yen over the long-term period—for example, by increasing overseas investments or by raising international procurement levels to reduce manufacturing costs—then the appreciating currency makes available numerous opportunities for expanding business.

In Hitachi's case, the strong yen has encouraged us to increase the level of overseas investment in production and marketing facilities. As a result, today the value of our offshore production is over ¥600 billion which is more than double the value of five years ago. The offshore share of our total sales is today 9 per cent.

**McCulloch:** Under the difficult business climate, what measures are you taking to achieve continued growth?

**Kanai:** Firstly, we're working very hard to reduce direct and indirect costs, including those of raw materials and components. Secondly, we're trying to simplify our corporate structure to make Hitachi more responsive to changing business trends. We're also restructuring our workforce to better match employees with the

tasks they must perform. In addition to these measures, in each division we're re-examining the competitiveness of products and re-assessing the future potential of markets. In this way, we can strengthen and restructure product development, production and marketing from a global point of view.

**McCulloch:** Could you give an example?

**Kanai:** From April of next year we will merge Hitachi, Ltd., with Hitachi Sales Corp., a subsidiary which presently handles the marketing of our consumer products. Through this merger, we will integrate the production and marketing of consumer products and strengthen our management capability in the area of conventional consumer products. At the same time, the merger should enable us to ex-

pand our business in the growing multimedia field through the advantages it will bring in the merchandising, mass production and marketing of consumer products.

**McCulloch:** Has the business downturn forced Hitachi to cut investment?

**Kanai:** Even in this difficult business period, we have embarked upon an aggressive investment programme though this is focussed strictly on those areas where we believe future growth will be strongest. For example, during the last fiscal year we allocated ¥95 billion for semiconductor-related fields which are now doing well, and particularly for 16 megabit DRAMs (Dynamic Random Access Memory). During both fiscal 1993 and fiscal 1994, we have set aside ¥30 billion to increase our production capacity for Thin Film Transistor (TFT) colour displays used in items such as portable computers. Demand for these screens is increasing dramatically.

During the past fiscal year, we allocated approximately ¥480 billion, or 7 per cent of total sales, practically unchanged from the previous year, toward research and development where our efforts are focused on information systems and electronics.

**McCulloch:** Hitachi, Ltd. has also been actively forging alliances with other companies offshore.

**Kanai:** This is quite correct and we're pleased with the progress we've made to date. In April of this year we concluded a technical collaboration agreement with IBM Corp. in the field of large scale computers. We're also working very closely with Texas Instruments in the development of 256 megabit DRAMs.



European-produced semiconductors from Hitachi's Bavarian plant in Landshut.

## Meeting the needs of the market

Hitachi sees the establishment of market-oriented business operations as the most important area of future activity, which is necessary to fulfil the company's commitment to the customer and to society.

The merger of Hitachi Sales Corp. and Hitachi, Ltd., announced recently, shows Hitachi's clear belief that the company is responsible for total customer satisfaction and demonstrates an acceptance that this can only be accomplished by covering every area, including design, manufacture, sales and customer service.

Hitachi believes that the merger will strengthen the group's business development in consumer products through the integration of production and sales organisations. The merger sends a clear message to customers, distributors and competitors alike that Hitachi is committed to presenting a total solution for customer satisfaction.

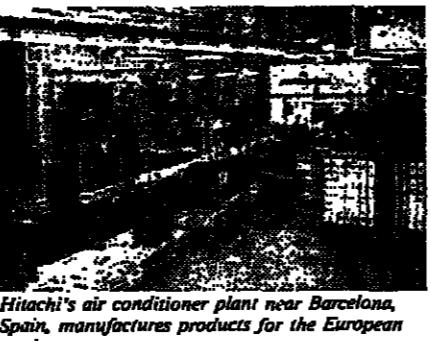
Here in Europe, Hitachi is now seeking to build on existing strengths and establish the best response systems to customers' requirements in every sector of business operation.

## Translating global words into local action

In the area of large-sized general purpose computers, for example, Hitachi has recently completed the restructuring of European sales channels to ensure a clarity of message and a unified approach to customers throughout the continent.

The establishment, in June, of an independent design company producing customer-specific micro-controllers and ASICs also clearly demonstrates Hitachi's belief in providing locally designed and produced items to respond to customer demands at the local level.

Hitachi is also buying high-quality European materials and products for use in Europe and elsewhere. This unified approach aims to provide a total European solution which meets customers' requirements based on the needs of the local market.



## Making products for Europe and beyond

More Hitachi products are manufactured in Europe than is perhaps known, as the company moves forward to providing locally-produced goods which meet European needs.

The Hitachi group of companies currently has 11 major factories throughout Europe, producing a wide range of commodities which include consumer products; audio and video tapes and floppy disks;

computer peripherals; air conditioners; semiconductors; industrial materials; and construction machinery.

An excellent example of the company's commitment to manufacturing in Europe and the increasing growth of these operations is Hitachi's semiconductor plant in Landshut near Munich, Germany.

The factory began operations in 1980 and, since the spring of this year, has started to manufacture 16 megabit DRAMs, right from the initial production stage.

Hitachi also plans for all stages of micro-controllers and ASIC production to be handled from this European factory in future.

A more recent example of how Hitachi's commitment to global expansion and localisation has had an impact on Europe, and a clear illustration of the company's desire to meet the demands of the market by providing local solutions, is the new air conditioner plant near Barcelona, Spain, which was formally opened in May 1993.

The factory, which is now gearing up to meet its target of supplying all Hitachi air conditioners for the European, Middle Eastern and Southern African markets, gives a clear demonstration of Hitachi's desire to design products and market European products that meet the changing needs of customers in Europe and beyond.

In addition, Hitachi's Advanced Software Centre in Maidenhead, UK has just launched 'ObjectReuser', a market-leading tool for improving software development productivity. This is the first Hitachi software product to be produced in Maidenhead, and it is being distributed not only in Europe, but worldwide.

By presenting a total European solution, which addresses all aspects of design, procurement, manufacture, sales and customer aftercare, the company is committed to fulfilling its philosophy which calls for the company to be at the heart of the communities it serves and to improving the quality of life, now and in the future.

## A history built on innovation

Despite today's tough business environment, Hitachi's commitment to research and development remains the bedrock of the company's activities, reflecting Hitachi's view of R&D as essential to the future growth of its business.

Hitachi has always emphasized R&D as the driving force for strengthening competitiveness, and since 1989, has established seven overseas R&D bases, including in Europe, Dublin, Cambridge, Milan and Munich, in order to further the company's level of basic research.

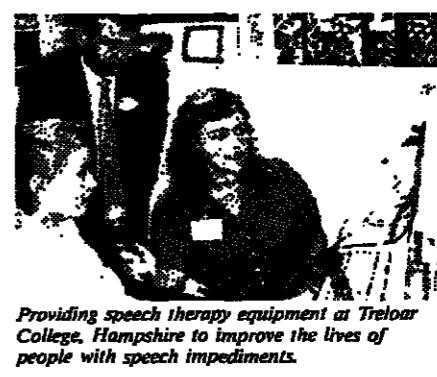
Excellent examples of successful collaboration have led to some remarkable achievements already. In cooperation with Trinity College, Dublin, for example, work on neural networks has led to the development of an artificial retina that can recognise moving or partly-obscured objects and brings the world a step nearer to a thinking computer.

Important breakthroughs such as this have been achieved through collaboration with European researchers and Hitachi is committed to ensuring that the credit for these European discoveries remains in Europe.

Hitachi sees the development of this collaborative approach to R&D as central to the company's success in the 21st century.



Collaboration with Trinity College, Dublin, led to an artificial retina.



Providing speech therapy equipment at Treloar College, Hampshire to improve the lives of people with speech impediments.

## Towards a better tomorrow for all

Hitachi has been quick to back environmental concerns with action. Back in 1991, Hitachi established a GREEN Centre (Global Resources, Environment and Energy System Centre) to conduct research into environmental preservation technologies. Hitachi's corporate ecological plan is based on four issues: ozone layer protection; global warming; industrial waste management; and recyclable product design.

Hitachi has also engineered a plan to eliminate harmful chlorofluorocarbon use by the end of 1995 and is introducing more and more products that are environmentally friendly.

Hitachi's worldwide operations are complemented by a deep involvement in local community affairs in the areas surrounding the company's operations. In Europe, this has led to the establishment of an Open Learning Centre for the deaf in Birmingham, and a Speech Therapy Centre in Hampshire for children with speech impediments.

These and other community-based activities are undertaken not for commercial gain, but because Hitachi's primary aim is to improve society for all, by producing innovative technology and by making a positive contribution to the communities in which it operates.

Hitachi is making a dedicated effort to be at the heart of the communities it serves whilst remaining at the leading edge of tomorrow's technology.

and the breadth of Hitachi's investment and involvement throughout the continent reflects this dedication to the communities of Europe.

Hitachi's wholehearted commitment to this corporate responsibility to society, both locally and internationally in an industrial, economic, cultural and environmental sense, is the driving force behind every one of the company's activities in Europe and worldwide.

It is the pioneering spirit of Hitachi combined with our embrace of the company's responsibilities as a good corporate citizen that has led to our success in Europe.

By living and working in harmony with European society and the environment, we hope to achieve a balanced growth whilst striving to delight our customers, both now and into the next century.

## Building on our success in Europe



Mr. Akira Koizumi  
Managing Director, Hitachi Europe Ltd.  
Director, Hitachi, Ltd.

Hitachi's overseas subsidiaries form part of a global network of enterprises all

operating with a high degree of autonomy. These offshoots have developed into strong roots for the worldwide corporation that is Hitachi. This approach of localising the global corporation is leading to the production of market-oriented goods and is the foundation of Hitachi's global network. I believe a clear example of the success of this approach is amply demonstrated by the company's operations in Europe.

The depth of Hitachi's investment and activity in Europe, covering sales and production, as well as international procurement, technological alliances and cooperation in research and development, is the true measure of our commitment to the European community.

The Hitachi group of companies has 11 major manufacturing plants throughout the continent, which include a semiconductor plant in Germany, a computer products factory in France, a consumer products factory in the UK and an air conditioner plant in Spain.

These are truly European operations, with product design, production and marketing all handled locally. We are also buying high-quality European materials and products for use in Europe, Japan and elsewhere.

Hitachi is also investing in collaborative research, utilising the long tradition of innovative thought in Europe, whilst ensuring that discoveries made by European

researchers remain the intellectual property of Europe.

Our R&D centres in Cambridge and Dublin are working on stunning new projects in artificial intelligence and electronic and optical devices. We also have design groups in Munich and Milan bursting with innovative ideas to meet personal and social needs.

Our philosophy of improving the quality of life through our activities extends beyond the business sphere because we realise that to survive and prosper, companies need stable, healthy communities. Central to every Hitachi operation is the belief that the company should make an active contribution to the local community

# HITACHI

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General Enquiry Office Tel: 44-628-585420/1

**DON'T CRACK UNDER PRESSURE**

By John Mason,  
Law Courts Correspondent

The legality under European law of the UK's procedures for the investigation and prosecution of fraud has been called into question by a European Commission on Human Rights ruling that the Guinness trial was unfair.

The commission has upheld a complaint by Mr Ernest Saunders, the former chairman of the UK drinks group, jailed for his role in the 1986 takeover of Distillers, that his prosecution was an abuse of the European convention on human rights.

The ruling, due to be published later this week, agreed his trial was unfair because evidence given by Mr Saunders under compulsion to Department of Trade inspectors was used against him in his trial.

The case is now set to go to the European Court for a final resolution. A win for Mr Saunders there would, most lawyers believe, have widespread implications for the fight against financial crime in the UK.

At the centre of the issue would be the "Section 2" powers of the UK's Serious Fraud Office which compel suspects to answer questions.

However, a European court judgment might also have an effect on the government's recently introduced policy for combating crime generally by restricting the "right to silence" of all suspects.

The government is expected to fight hard to maintain the current system of allowing the limited suspension of the right to silence. It is expected that lawyers will argue strongly

that this provides an essential weapon against financial crime where investigations are particularly difficult to perform.

However, the Commission's

**TAGHeuer**  
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## Guinness trial ruled unfair



ruling was widely welcomed by defence lawyers specialising in white collar crime. Mr Rod Fletcher of Russell Jones & Walker, a London law firm, said: "It is extraordinary that a minority group - of financiers or businessmen accused of financial fraud - are discriminated against by our legal system."

"The right to silence is a fundamental safeguard of anyone accused of a crime. The onus is and should be always on the prosecution to prove guilt and there is no basis for violation of such principles." The three other men convicted and jailed for their parts on the Guinness scandal, Mr Gerald Ronson, Mr Tony Barnes and Mr Jack Lyons are understood to be considering their positions in the light of Mr Saunders' success.

### Britain in brief



#### Lib Dems abandon neutrality

The Liberal Democrats yesterday in effect abandoned their professed neutrality between the Conservatives and Labour as senior figures insisted there were no circumstances in which the party could help sustain the present government in office after the next general election.

The decision by leading Liberal Democrats to dismiss publicly the stance of "equidistance" adopted since the 1982 general election brought an angry response from Mr Paddy Ashdown, the party leader, who said colleagues indulging in public debate on the issue were "wasting very important time". Mr Ashdown said at the start of the Liberal Democrat conference in Brighton that the party's main task was to entrench its own distinctive and independent identity as a powerful third force in British politics.

#### Rail dispute vote favours negotiation

In a breakthrough heralding the possible end of the three-month long rail dispute yesterday, signal workers' delegates of the RMT transport union voted unanimously at their annual conference to open negotiations as soon as possible on a future package for the signalling grades.

A union official denied this decision was a surrender. The RMT leadership has hitherto insisted there must be an interim pay rise for the signal workers as reward for past productivity before talks could begin on restructuring.

#### PO privatisation decision deferred

Leading supporters within the cabinet of privatisation of the Post Office are confident that the government will press ahead with a majority sale of the Royal Mail. But they believe formal approval for the sale of a 51 per cent stake in the Post Office may signal an indefinite delay in its controversial plan to open up the domestic gas market to competition.

A final decision on the Post Office sale will be deferred until the conclusion of the consultation period at the end of this month.

#### Bidders asked to talk on coal sale

Advisors to the government on coal privatisation start detailed talks with bidders this week with the aim of helping ministers select the preferred tenders next month.

N.M. Rothschild, the merchant bank, contacted the bidders immediately after the deadline for tenders last Wednesday to arrange appointments for the discussions. The government has said it will not necessarily choose the highest tenders. Rothschild is briefed to prepare for a handover of the assets by the end of this year.

#### John Bull sets sail for China

Romford brewery, famous for its John Bull bitter, is to be shipped off to China. San Miguel, the Philippines-based brewer, has bought the complete plant and will re-erect it about 100 miles south of Beijing.

## Fraud office to question Nadir aide

By Charles Batchelor

A close associate of Mr Asil Nadir, the fugitive former head of Polly Peck International, is expected in London today to meet officials of the Serious Fraud Office and police.

Mrs Elizabeth Forsyth worked in London at South Audley Management, a company with links to the Nadir family, before fleeing to northern Cyprus three years ago. Her return has been timed to coincide with the fourth anniversary of the police raid on the company's offices which precipitated the Polly Peck collapse.

The fraud office said yesterday: "We would like to talk to her." There is however no warrant out for the arrest of Mrs Forsyth and it appears unlikely that any attempt would be made to detain her when she lands.

The Jasmine Court Hotel in Kyrenia in northern Cyprus, where Mrs Forsyth had been staying and which is owned by Mr Nadir, said yesterday that she had left to take a flight to Britain and that she would not be returning for three weeks.

The fraud office denied that the way it dealt with Mrs Forsyth would have implications for its treatment of Mr Nadir, should he return from his self-imposed exile. Sources close to Mrs Forsyth had suggested that a failure to charge her would mean the fraud office had no case against Mr Nadir.

"Asil Nadir has skipped bail and is a fugitive from justice," the fraud office said. "There is a case ready to proceed against him and we are ready to try him when he returns."

Mr Nadir fled to Cyprus in May 1993 while facing 13 charges of theft and false accounting involving £34m (£53m).

The administrators to Polly Peck, a conglomerate with interests in fruit packing, packaging and electronics, are still attempting to conclude the sale of its main assets.

which will give seminars on aspects of regulatory policy and on financial practice in the city of London, will also press for a more certain framework of financial law in order to give overseas institutions certainty that their contracts are binding.

The mission is the sixth sent by British Invisibles since 1990, and comes amid a rapid growth in interest among financial institutions in gaining access to China. Foreign banks have been precluded from gathering local currency deposits or selling Chinese shares to local investors.

Mr Robin Box, vice chairman of Kleinwort Benson, the UK investment bank, said that the Chinese government had accepted that the development of a unit trust industry would help to curb stock market volatility.

Mr Fox said that banks and investment banks with funds management arms would try to persuade the government to allow them to take part in joint ventures with local companies.

They could bring expertise in the principals of fund management and in technology.

Lord Alexander, chairman of National Westminster Bank, said that the uncertainty of Chinese law limited investment in the country. For example, banks were made more

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Mission leaders said they did not believe that UK companies were at a disadvantage because of disagreements over Hong Kong. Mr Fox said that odd cases of discrimination had occurred where a local official did not want to create a run-down.

Domestic share prices in China have fluctuated wildly this year. The government's statement that it would allow foreigners to invest in the "A shares", currently restricted to local investors, sent share prices up by more than 60 per cent.

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# The greatest story never told

If the DTI report into alleged insider dealing by Lord Archer were published, it would probably become a best-seller to rival the success of the novelist himself. But the account is very unlikely to appear. Here, Robert Peston sets out what the investigators might have said

The Department of Trade and Industry's report into alleged insider trading by Lord Archer in Anglia Television shares would be a best-seller if it were published, perhaps rivaling the sales of the best-selling novelist's own thrillers.

However, publication of the real thing seems very remote. So in the interests of honest competition with Lord Archer's highly profitable works of fiction, a version of what the DTI inspectors might have written is present below.

The intention is to shed light on how and why in mid-January Lord Archer placed orders to buy 50,000 Anglia shares, days before an agreed takeover bid for the company was announced.

## 1 A brief history of Anglia Television

The company was incorporated in September 1958. Its main subsidiary, Anglia Television Limited, is licensed by the Independent Television Commission to hold the broadcasting franchise for the east of England. In January, its board estimated that in the year to December 31 1993, the company made profits before tax of at least £16m, including an exceptional credit of £5m, compared with £14.5m the previous year.

## 2 Lady Archer and the Anglia board of directors

On January 29 1987, Anglia Television announced that Dr Mary Archer, for ten years fellow and college lecturer in chemistry at Newnham College Cambridge, was joining its board. Her fellow directors describe her as "punctilious and very professional".

Dr Archer, as she prefers to be known, is also head of the Lloyd's hardship committee, which assesses whether penurious members of the London insurance market should receive financial support.

## 3 Lord Archer, fiction and the Conservative party

Dr Archer is the wife of the best-selling novelist, Lord Archer, formerly Mr Jeffrey Archer, who was created a life peer in 1992 and was deputy chairman of the Conservative party from 1985 to 1986. Mr John Major, the Prime Minister, is a friend.

Lord Archer has had a volatile career. He became Tory MP for Louth in 1968. However, he stood down in 1974, after a businessman, Mr Anthony Bamford, started bankruptcy proceedings against him, to recover funds that Lord Archer had invested in Aquablast, a Canadian company which turned out to be fraudulent. Lord Archer was financially ruined, but rebuilt his fortune when he discovered a talent for writing popular fiction.

## 4 Lord Archer, Brook Saib, Kurdistan and the PM

In April 1991 Lord Archer became involved in fundraising for the Kurds of northern Iraq, by organising the Simple Truth pop concert. Through his visits to Kurdistan, he became friendly with Mr Brook Saib, a young London-based Kurdish businessman.

Mr Saib, who is 32, controlled two companies, Brook Estate Agents and Brook Interior Designs, which were wound up in 1991. When liquidated, Brook Estate Agents was unable to repay creditors owed £71,673.

From January 3 to January 9 of this year, Lord Archer travelled in Iraq to investigate the plight of the Kurds. On returning, he met the prime minister, Mr John Major, to give a report on their condition.

## 5 Anglia directors' share dealing code

On September 23 1992, the Anglia board adopted new rules "governing dealings by officers [which include all directors] of the group in the securities of the company". These rules were "applicable to any dealings by the officer's spouse or on behalf of any infant child or by any other person connected with him".

The rules also applied to other dealings in which the officer or any other person connected with him "is or is to be treated as interested". The rules prohibited dealings by officers and their spouses when the officers possessed information which was "likely, upon publication, to affect the market price of those securities". Information about a possible takeover of Anglia fell into this category.

The rules also contained an explicit prohibition on dealings by any director or their spouse in Anglia shares during the "close period", from the end of the company's financial year on December 31 to the publication of its annual results, normally in the middle of March.

Each director was required to sign a copy of the rules, confirming that they had received them and that they would "act in accordance therewith". Directors informed their spouses and connected persons of the rules.

## 6 The outhouse in the Grantchester garden

Lady Archer has told her fellow Anglia directors that she keeps all her confidential

board papers in a converted Victorian folly in the garden of the main family home at Grantchester near Cambridge. She and Lord Archer have separate offices in the folly.

**7 Lord Archer, fiction and stockbrokers Charles Stanley**

Since the early 1970s, Lord Archer had sporadically done business with Mr Simon Wharmby and Mr Frank Watts, two stockbrokers who have worked as a team for a variety of City of London firms.

**8 The DTI report**

They both joined Charles Stanley in October 1993, having left Sheppards after it was merged with Carr Kitcat.

Charles Stanley is a medium-size stockbroker that can trace its roots back 200 years. It is controlled by the Howard family, which is well-known in the City of London. Its typical clients are wealthy individuals, including "senior members" of the Conservative Party, according to one of its executives.

In the 1970s, Mr Watts and Mr Wharmby worked for Rowe Rudd, an aggressive stockbroking firm used by Lord Archer which no longer exists. Mr Watts has told friends that he had tried to deter Lord Archer from making his ruinous investments in Aquablast.

Coincidentally, a character called "Frank Watts", also employed by a "Rowe Rudd", appears in Lord Archer's first novel, *Not a Penny More, Not a Penny Less*, which launched him back on the road to fortune. The novel contains a scene in which Mr Watts receives an order to buy and sell a parcel of shares within a single dealing period or "account" from an insider dealer.

For the past few years, neither Mr Watts nor Mr Wharmby had had any business dealings with Lord Archer, according to a friend of theirs.

However, Mr Wharmby telephoned Lord Archer twice shortly after joining Charles Stanley. He did this because he was contacting all wealthy former clients, to inform them where he could be reached. Around Christmas, he then contacted Lord Archer again to ask him if he wanted to invest in an unusual scheme to salvage a ship sunk during the second world war. Lord Archer declined.

**9 Regulatory changes which made Anglia a takeover target**

In May 1993, the then National Heritage Secretary, Mr Peter Brooke, launched a review of the rules preventing any company from holding more than one large broadcasting franchise.

He announced on November 24 that each ITV company would be permitted to hold two regional franchises, subject to approval by both Houses of Parliament.

The new rules came into effect on January 1.

As a smaller television company, with a market value in December 1993 of £150m, Anglia was widely viewed after the rule change as vulnerable to a takeover by a bigger franchise holder or media company, such as MAI, which controls Meridian Broadcasting, the South of England ITV company.

**10 Events leading to the takeover of Anglia by MAI**

In December 1993, MAI indicated to Anglia that it would be interested in making a bid for the company. Board papers which gave details of this tentative offer were sent to directors on December 31.

MAI's interest in the company was discussed by the Anglia board for the first time at a meeting held in their Leicester Square office in the



ing, held again at Anglia's London offices last from 9am until lunch. MAI was offering around 610p a share. The board authorised Sir Peter Gibbons, Anglia's chairman, to negotiate a takeover at close to 650p a share.

That afternoon, Sir Peter and his chief executive, David McCall, met Lord Hollick, MAI's managing director, and Sir James Mackinnon, MAI's chairman, to discuss takeover terms. Agreement on a take-over price of about 650p was reached. The following morning, Anglia directors were invited to attend a further board meeting, to be held on Sunday January 16.

Stockbrokers say that it is unusual for an individual to place an order on someone else's behalf and not mention that the shares are being bought for this other person before the deal is transacted. It is even stranger if the acquaintance does not already have an account with the stockbroker," said a leading broker.

**11 Anglia's share price performance**

Because Anglia was widely viewed as a takeover target, its shares had performed strongly in the latter months of 1993 and early 1994. On January 4, its share price was 425p. By January 12, the day before Lord Archer placed his first order, it had risen to 480p, a rise of 13 per cent in just seven working days. Brokers say that if there had not been a takeover bid for the company, the price might well have fallen.

**12 Lord Archer's first order to buy Anglia shares**

At around 10am on January 13 Lord Archer telephoned Mr Wharmby and asked him to check the "price and size" - or availability - of Anglia shares. This was the day after the Anglia board meeting which first discussed MAI's detailed takeover proposals, including a 610p bid price which was subsequently revised upwards. It was also during the "close period", during which any dealings by Anglia directors and their spouses were prohibited by the company's rules.

Mr Wharmby called Charles Stanley's dealers, who told him that a parcel of 30,000 shares was available. He then telephoned Lord Archer to tell him this. However, Lord Archer said the cost was too great. Instead, he placed an order to purchase 25,000 shares at a price of 485p.

Mr Wharmby then spoke again to Charles Stanley's dealers, who clinched a deal with a market maker (a wholesaler of shares). According to stock exchange records, the deal was executed at 10.30am.

Lord Archer then called

Mr Wharmby and told him the deal had been completed.

Up until this moment, Mr Wharmby had assumed that the shares were being bought for Lord Archer himself. How-

ever, when Mr Wharmby asked Lord Archer how he wanted the deal to be recorded, Lord Archer said the shares should be booked in the name of Mr Brook Saib, an individual for whom Charles Stanley had never dealt and who did not have an account at the firm.

Stockbrokers say that it is unusual for an individual to place an order on someone else's behalf and not mention that the shares are being bought for this other person before the deal is transacted.

It is even stranger if the acquaintance does not already have an account with the stockbroker," said a leading broker.

**13 Lord Archer's address as mail box for Mr Saib**

To carry out the transaction, Charles Stanley had to set up an account in the name of Mr Saib and in order to do so it

needed an address for the Kurdish businessman.

Mr Saib has a London home, at 14 Heath Rise, Kersfield Road, Putney. However, this was not supplied by Lord Archer.

Instead the novelist asked that the name and address on the account details should be: "B Saib Esq, c/o J Archer, Alembic House, 93 Albert Embankment, London SE1 7TY." Alembic House is Lord Archer's London residence.

**14 Mr Saib says he is a frequent dealer in shares**

Mr Saib had never before used

Lord Archer's address as a mail box when dealing in shares through any City of London stockbroker. This was

arranged by Charles Stanley,

when it checked Mr Saib's creditworthiness through the Stock Exchange Mutual Reference Society, a database con-

cerned with the negotiations with MAI.

**15 A second Anglia share order**

Having instructed Mr Wharmby to register the shares in the name of Mr Saib, Lord Archer said that he would be interested in buying more shares if they became available at the same price. As a result, the following afternoon Mr Wharmby telephoned him and offered him a second parcel of 25,000 shares, again at 485p, which Lord Archer agreed to buy. Once more he bought for Mr Saib's account.

**16 Lord Archer as effective guarantor of the deal**

On the morning of January 14, a few hours before this second order was placed, Mr Peter Hurst, Charles Stanley's finance director, noticed on his copy of the firm's dealing sheet that a new client, Mr Saib, had bought 25,000 Anglia shares.

Because he had never heard of Mr Saib, he wondered whether the firm should be giving him £121,250 of credit to pay for the shares.

According to Stock Exchange

records, the deal was executed with a market maker at 15.50pm.

**17 No payment is made for the shares**

In fact, the question of who would pay for the shares turned out to be irrelevant.

**18 Anglia's board agrees to the takeover**

On Sunday January 16, Anglia's board met at the offices of the company's merchant bank, S.G. Warburg, in the City of London. The meeting lasted from 2pm until the late afternoon.

The board gave approval to the merchant bankers to finalise the takeover agreement with MAI.

The merchant bankers - Warburgs for Anglia and N.M. Rothschild for MAI - then worked through two nights to

remain impediments to a deal could be removed.

**19 Anglia's board agrees to the takeover**

At around 10am on January 18, MAI's recommended offer for Anglia was announced. The terms in cash and new MAI convertible preference shares valued the company at approximately £229m and each Anglia share at "not less than 637p", with the precise value dependent on how the stock market would eventually value the MAI preference shares.

**20 The takeover is announced to the Stock Exchange**

At just after 8am on January 18, MAI's recommended offer

for Anglia was announced.

**21 Lord Archer's instructions to sell the Anglia shares**

Immediately after the bid was announced, Anglia's share price soared.

At around 10am that morning Lord Archer telephoned Mr Wharmby and instructed him to sell all 50,000 shares.

Stock Exchange records show the deal was transacted at about 10.15am, at a price per share of 645p, realising a gross sum of £333,000.

The net profit on the deal, after deducting commissions and stamp duty reserve tax of 0.5 per cent, was £72,116.

**22 The Stock Exchange's preliminary investigation**

On the same morning, Mr Hurst of Charles Stanley

noticed the Stock Exchange announcement of MAI's bid for Anglia.

He asked his firm's compliance officer, Mr Eric Hurrell, who is responsible for ensuring that it sticks to the rules of the Stock Exchange and the Securities and Futures Authority, to have a close look at Lord Archer's share orders.

These deals were conspicuous. Although the firm had received several orders to buy Anglia shares in the preceding weeks, there had been only Lord Archer's on each of January 13 and January 14.

At a meeting of Charles Stanley's directors the following day, Mr Hurrell pointed out quite how well-timed these had been.

An executive of the firm, who happened to be in the room, then exclaimed that Lady Archer was an Anglia director.

The managing director, Mr Howard, responded: "My God, this is front page stuff."

However, the exchange had already left a telephone message for Mr Hurrell. It wanted him to review all the firm's Anglia deals to see if any could have been transacted on the basis of inside information.

Mr Hurrell told the exchange: "I have been expecting your call." He went on to say that Lord Archer's share orders should be scrutinised carefully.

**23 The launch of a formal DTI investigation**

In the following three days, the Stock Exchange collected as much information as it could about Lord Archer's Anglia share orders.

At the beginning of the following week, the exchange passed its dossier on the transactions to the Department of Trade and Industry. The prime minister was then informed of the dealings. On February 8, the DTI appointed Mr Hugh Aldous, an accountant from Robson Rhodes, and Mr Roger Kaye QC, to investigate "possible insider dealing contraventions".

**24 Not a Penny More. Not a Penny Less**

Charles Stanley was uncertain whether it should pay the cheque for the dealing profit to Mr Saib. In view of the inquiry being conducted into the transactions, it was advised by its solicitors that it should probably hang on to the money.

There was a risk, according

to the solicitors, that Charles Stanley could be embroiled in a court case if the market makers who sold the shares to Mr Saib via the broker sued on the basis that the purchaser might have benefited unfairly from inside information.

However, the Stock Exchange gave the broker informal guidance that it would prefer that the cheque were paid as though nothing unusual had occurred. It did not want Mr Saib or Lord Archer alerted to the possibility that an inquiry was taking place.

On February 4, Charles Stanley sent a cheque for £77,218.62 to Lord Archer's home.

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## THE WEEK AHEAD

### DIVIDEND & INTEREST PAYMENTS

<b>TODAY</b>	Kershaw (A) 9.5p
Alcan Aluminium \$0.075	MDX 43% Cv. Bd. '03 \$47.50
British Telecom 10.05%	Rank Org. 4.25p
Christians Bk Rev. FRN '7	Ransomes 51% Pt. 1.825p
\$1108.11	Thames Water 9 1/4% Cv.
First Natl. Bldg. Scty. Fltg. Rate	Bd.'06 237.50
Perm. Int. Brg. 239.30	Toke Fin. (Cur.) Und. FRN
Gold Int. Fin. F. FRN '02	Y2179452.0
Y279895.0	Treasury 11 1/2% 01/04 £5.75
Do. C Y2078082.0	
Hankyu FRN 1996 Y63319.0	
Investment Co. 1p	
Jasmine A FRN 2003	
Y2038356.0	

<b>LIMITED INC.</b>	\$0.09
Exchequer	101% 2005 £5.25
FRN '05 £29427.40	
Halifax	0.25
Marine Midland Bks	FRN '08
\$134.17	
Midland Bank Und. FRN	
(Sep. 1995) \$255.56	
Nationwide Bldg. Scty. Bd.	
FRN 2000 £153.44	
Do. St. FRN 2004 £140.21	
SGW Fin. Gtd. FRN 1998	
£13.58	
Standard Chart. Und. Prim.	

<b>WEDNESDAY</b>	
SEPTEMBER 21	
Leumi Int. Inv. Gtd. FRN '97	
\$223.61	
Murray Smaller Mkts. 2.95p	
New Wfts R.35	
Woolwich Bldg. Scty. FRN '99	
£133.90	

<b>THURSDAY</b>	
SEPTEMBER 22	

<b>Arab Banking</b>	FRN '98 \$268.33
Birmingham Mid. Bldg. Scty.	FRN '05 £29427.40
Br. Var. Rate Nts. £148.40	
Marine Midland Bank Fltg.	
Rate St. Cap. Nts. 1995	
\$134.17	
Midland Bank Und. FRN	
(Sep. 1995) \$255.56	
Nationwide Bldg. Scty. Bd.	
FRN 2000 £153.44	
Do. St. FRN 2004 £140.21	
SGW Fin. Gtd. FRN 1998	
£13.58	
Standard Chart. Und. Prim.	

<b>FRN</b>	£67.73
Taunton Cider	3.95p
Leeds Permanent Bldg. Scty.	
St. Var. Rate Nts. £148.40	
Marine Midland Bank Fltg.	
Rate St. Cap. Nts. 1995	
\$134.17	
Midland Bank Und. FRN	
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FRN 2000 £153.44	
Do. St. FRN 2004 £140.21	
SGW Fin. Gtd. FRN 1998	
£13.58	
Standard Chart. Und. Prim.	

<b>SUNDAY</b>	
SEPTEMBER 25	
ABF Inv. 51% Un. Ln. 1987/	
2002 1.375p	
Do. 71 1/2% Un. Ln. 1987/2002	
1.875p	
Marston Thompson &	
Evershed 10 1/2% Un. 2012	
£5.125	
New Zealand 11 1/2% 2014	
£287.50	
Renold 8% 1st. Db. 91/96 £4.00	
TSB Gilt Fd. Ptg. Pf. 0.67p	
Treasury 8% 2008 £4.00	

### UK COMPANIES

#### TODAY

**COMPANY MEETINGS:**  
Aitken Home Int., Honourable  
Appleton, Treasury House, City  
Road, E.C.12.00  
Murray Smaller Markets Tst.  
Marriott Hotel, 500, Argyle Street,  
Glasgow, 12.30  
**BOARD MEETINGS:**  
Finals:  
CIT Japan Inv. Tst.  
MAI  
Interims:  
ELP  
ESM  
Bennroe  
Dinkin Heel  
Fitzgerald Fd. Miners  
Ferry Pickering  
ISA Int.  
Isle of Man Steam Packet  
Magnolia  
Mauritius Fd.  
Morgan Crucible  
Rhino

#### TOMORROW

**COMPANY MEETINGS:**  
Edinburgh Small Co's Tst.  
0.21p  
Enron \$0.1875

#### THURSDAY

**COMPANY MEETINGS:**  
September 22

#### FRIDAY

**COMPANY MEETINGS:**  
September 23

#### SATURDAY

**COMPANY MEETINGS:**  
September 24

#### SUNDAY

**COMPANY MEETINGS:**  
September 25

#### MONDAY

**COMPANY MEETINGS:**  
September 26

#### TUESDAY

**COMPANY MEETINGS:**  
September 27

#### WEDNESDAY

**COMPANY MEETINGS:**  
September 28

#### THURSDAY

**COMPANY MEETINGS:**  
September 29

#### FRIDAY

**COMPANY MEETINGS:**  
September 30

#### SATURDAY

**COMPANY MEETINGS:**  
September 31

#### SUNDAY

**COMPANY MEETINGS:**  
October 1

#### MONDAY

**COMPANY MEETINGS:**  
October 2

#### TUESDAY

**COMPANY MEETINGS:**  
October 3

#### WEDNESDAY

**COMPANY MEETINGS:**  
October 4

#### THURSDAY

**COMPANY MEETINGS:**  
October 5

#### FRIDAY

**COMPANY MEETINGS:**  
October 6

#### SATURDAY

**COMPANY MEETINGS:**  
October 7

#### SUNDAY

**COMPANY MEETINGS:**  
October 8

#### MONDAY

**COMPANY MEETINGS:**  
October 9

#### TUESDAY

**COMPANY MEETINGS:**  
October 10

#### WEDNESDAY

**COMPANY MEETINGS:**  
October 11

#### THURSDAY

**COMPANY MEETINGS:**  
October 12

#### FRIDAY

**COMPANY MEETINGS:**  
October 13

#### SATURDAY

**COMPANY MEETINGS:**  
October 14

#### SUNDAY

**COMP**

## MANAGEMENT

**O**f the many joint ventures between American and Japanese companies, Fuji Xerox has long been regarded as a model. The Japanese affiliate of Fuji Photo Film and Xerox, the US copier maker, has not just been a success in its own right. It also rescued Xerox from oblivion in the 1980s by supplying it with a string of successful products. Even more important, it has provided its US parent with a continuous flow of object lessons in better management techniques, notably total quality and "benchmarking".

Xerox has since transferred its "TQM" and benchmarking expertise to a host of other companies in the US and Europe, making Fuji Xerox as influential a source of management expertise - albeit an indirect one - as Toyota in manufacturing or Sony in innovation.

At the age of 32, with 27,000 employees and revenues last year of ¥706.5bn (US\$4.5bn), the 50-50 venture is pretty mature by the standards of most inter-company alliances. But, in common with many younger ventures, it is suffering a delayed bout of growing pains over relations with one of its parents.

Set up in 1982, its success in the low end of the copier market in the 1970s and 1980s contrasted sharply with Xerox's problems. The troubles of the US group were so severe at one point that the joke among consultants was that the Japanese affiliate would buy out its American parent.

Now, when a resurgent Xerox is reorganising many of its international operations in order to improve what it calls the "line of sight" (direct influence) of its US-based business divisions over their markets around the world, Fuji Xerox is straining at the leash. It claims - as it has often done in the past - that it is finding the group's organisation an increasing constraint on its own growth. The group structure divides global responsibilities geographically between Xerox, Fuji Xerox and Rank Xerox, the European affiliate.

Under this arrangement Fuji Xerox's external sales are limited to the Asia-Pacific region, although it also supplies a substantial volume of products and designs to the Xerox network in North America and Europe. The latter are thought to account for about 10 per cent of its revenues, slightly more than its Asian sales.

"As our client companies expand globally, we are finding that the group's division of territories is hampering business and key customers," says Toshiro Arima, managing director of Fuji Xerox.

PROFIT AND SALES		
(Ybn)	Sales	Profit
	Pre-tax	After-tax
1983	263.9	11.1
1984	304.5	12.2
1985	347.3	14.1
1986	355.8	11.9
1987	427.4	15.4
1988	457.5	22.2
1989	490.3	22.3
1990	538.2	23.2
1991	621.2	22.3
1992	661.9	15.5
1993	706.5	16.7

making it hard for us to counter the competition," says Toshiro Arima, strategic planning director of Fuji Xerox and the main link with Xerox on policy matters. "It's a very difficult problem and we are trying to solve things one [issue] at a time," he says.

Arima says effective technical and service support of Japanese multinationals is one issue which needs to be resolved, while a global manufacturing strategy to improve competitiveness is another.

Jeff Kennard, who for five years was executive assistant in Tokyo to the venture's president and is now director of Fuji Xerox relations at Xerox headquarters

**Emiko Terazono and Christopher Lorenz explain how**

**Fuji Xerox's desire to spread its wings is putting a strain on relations with its US parent**

# An angry young warrior

in Connecticut, counters in the friendliest of tones. He says Fuji Xerox already copes with this problem by having account executives around the world who, in conjunction with local representatives from Xerox or Rank Xerox, deal successfully with global customer companies.

Although he stresses that Fuji Xerox can only operate "where the agreement allows them to", Kennard, who is one of five Xerox westerners on the venture's 28-person board against only two from Fuji Photo Film, points out that the affiliate's territory was expanded only four years ago.

In addition to Japan, it previously held the right to sell in Indonesia, South Korea, the Philippines, Taiwan and Thailand. In 1990 it acquired the Australian, New Zealand, Singaporean and Malaysian markets from Rank Xerox. The Japanese affiliate had argued since the early 1980s that Rank Xerox's strategy of targeting the high end of the market was ineffective.

While Fuji Xerox has considerable autonomy in developing and marketing products for these countries, its design of products for multinational markets is now subject to close co-ordination with the US and European organisation - a form of control which, though sensible, sometimes irks Japanese pride.

At US headquarters, Kennard says that although the separate nature of the two organisations causes inevitable complexities in the co-ordination of strategy, technology, product development, manufacturing and marketing to key customers, "we're proud of how well the two management work together".

They must do so even more closely now that digital technology is turning the copier business into an integral part of the information technology industry - a trend which will expose Xerox to even stiffer competition than in the past.

As Kennard says: "It's a bit like a husband and wife. You don't just order people around if you want to maintain a good relationship."

This is not the first time that American satisfaction with the relationship has been matched by an urge on the Japanese side for more independence over where and how to do business.

The issue has been endemic to the relationship for well over a decade. It rests partly on Fuji Xerox's stubborn independence in the past in product strategy, which paid off handsomely on repeated occasions, and partly on a long-standing view, in the words of one Fuji Xerox manager, that "our [world] market should be protected by ourselves".

There has also been resentment over the years that, because of the territorial agreement, Fuji Xerox could never achieve as high an export ratio as independent rivals such as Canon. This, the Japanese believe, puts a brake on the joint venture's growth.

This tension is reinforced by the usual clash between Japanese and western priorities. In common with other Japanese companies, Fuji Xerox has placed more



emphasis on growing its market share than on increasing its profitability and return on assets. The balance has had to be redressed somewhat since its profits were hit by the recession in 1991, but there is still comment within the venture that this difference contributed to its rise and Xerox's decline during the 1970s and 1980s.

In its early years Fuji Xerox managed to position itself in Japan by doing business very much the "Japanese way". When the joint venture was set up, the manufacturing was done by Fuji Photo Film, and day-to-day operations were looked after by former Fuji managers. Today Fuji Xerox

still prides itself on being more Japanese

than a Japanese company.

However, a contract between the two parent companies stipulated that as a shareholder, Fuji Photo Film could collect information from Fuji Xerox but could not use it in its own operations. This limited the extent of Fuji Photo Film's involvement in the affiliate. Its direct role was virtually terminated when production was transferred to Fuji Xerox in 1971.

Another element which heightened the sense of autonomy was the technology and licensing agreements made between the US parent and the venture. "The agreements are like those between two independent companies, rather than loose

partnerships," says Arima.

The effect of Xerox obtaining even 51 per cent would be negative, he says. "We would risk alienating management, hurting the well-earned pride of the Japanese employees and throwing away the stimulus which Xerox gets from the healthy tension between the two of us." On top of that, he says "how much practical control we could get would be questionable."

that there was no such booking, and sent me to the hotel's other restaurant, where there was a reservation in my name I had given.

For half an hour I sat at someone else's table scattering bread crumbs and sipping the drink I had taken the liberty of ordering. There was some consternation when the real occupants turned up, until an immaculate waiter inquired whether I was in fact due to dine with someone of a different name who had been patiently waiting all this time in the Grill.

I could see no alternative than to tell my host the whole ugly truth, but with hindsight I wonder whether there was not some more graceful form of escape. I know all those techniques for remembering peoples names like repeating them over and over when you are first told them. But this was a more serious lapse. Maybe if you can't remember the name of a business acquaintance who you know quite well you are beyond the help of any mere management course.



## DESERT ISLAND MANAGER

### Lord Alexander

Lord Alexander of Weeton QC, 58, is chairman of National Westminster Bank. He has been chairman of the Takeover Panel, and chairman of the Bar Council. He is currently deputy chairman of the Securities and Investments Board.

**What would you take with you?**  
My family. We have a builder, cook, violinist, garden designer, decorator and banker. We could set up a travel lodge, Relais and Chateaux style, with a journalist to handle the publicity and an insolvency lawyer if it fails spectacularly.

**What technology would you need?**  
The machine of the near-future: a voice-activated word processor. I would need 48 hours' notice of departure for a quick training course. Then I could simply live by talking, the ultimate joy for an advocate.

**What would you like to leave behind?**  
London's polluted air. My own slight asthma returned this year for the first time since youth. Pollution levels are intolerable, and I should like to stay marooned until strong environmental action has been taken.

If 10 per cent of vehicles produce 40-50 per cent of air pollution, it seems an admirable first step to clamp down on them. Meanwhile, we could use the island versions of public transport - walking and swimming.

**Anything else?**  
The way in which customer complaints are sometimes covered in the tabloid press. Sometimes they are sadly accurate, which upsets us all. But when they are distorted or over-hyped, they are annoying.

**What would you miss most?**  
The theatre. The Royal Shakespeare Company and the National Theatre are among our country's greatest glories. Charades by the camp fire would not be the same.

**What books would you take?**  
"Other Men's Flowers," the poetry anthology compiled from Lord Wavell's memory. And the complete Dickens. I love the 19th century but history books can be dry. He is a wonderful chronicler of its darkness and light, richness and drabness.

It would make me think about how much of our society has its roots in the last century - the parliamentary franchise, the social mores, and the infrastructure we still rely on. It was a time when we had come through the most raw and crude parts of the industrial revolution but there was still an extremely powerful economic engine in this country.

**What would you eat and drink?**  
The island's fish and vegetables would supply our every want. My taste in drink is simple. Champagne in winter and beer in summer.

**What would you do for exercise?**  
I would take a beach cricket set.

**An item to preserve sanity?**  
My London diary to remind me of the contrast. I feel that I am always rushing at work, and when the pressure is released on holiday it is glorious.

**John Gapper**

# Little taste in flavour of the month

**J**ust in case it had escaped your notice, this is the year of the London Taxi. It might sound daft to call a year after a means of transport, yet it is no duffer than calling a month after a management fad.

In October, the US will celebrate National Quality Month. For those four weeks there will be general rejoicing over the techniques of total quality management, and newspaper and magazines will be filled with articles on best practice and recent innovations in TQM.

On the face of it, Quality Month seems a pointless exercise. TQM is not a new phenomenon that needs promoting, neither is it the sort of worthy project - like planting a tree - that requires a special day devoted to it to spur people into action. Yet Quality Month has become an institution in the US: it has been running for 10 years, and is still going strong.

On closer inspection, the event is anything but pointless. It is an opportunity for some big US corpo-

rations to tell us how marvellous they are, and for the consultants who have made a killing out of TQM to lay out their stall.

The latest Fortune magazine contains a 40-page special section on the shindig, packed with advertisements for the companies that are sponsoring the event. Forte declares that it gives customers "the best service on earth"; Coca-Cola shouts that its "commitment to quality is judged 7050 times every day". Chase Manhattan, General Motors, Goodyear, and many others boast about how long they have been quality devotees, and how dedicated to the movement they are.

While as a management tool, quality is old hat and flawed to boot, as an advertising message it is still powerful. Yet as I turned page after page through the advertisements, I wondered if the top of that cycle had been reached. When one company tells us about the quality of its employees, its service or its product and about how hard it tries to delight its customers we may feel

impressed. But when everyone is noisy delivering the same message the impact is lost.

As far as I know, there is not yet a special month devoted to partnership sourcing. And just as well: last week this fashionable management notion received some serious blows. A.T. Kearney, the management consultants, has just published a report showing that while 90 per cent of companies are interested in the idea, those who have tried it are sceptical. More momentous, Intel and Compaq Computer, whose busi-

ness interests as customer and supplier are irrevocably linked, were revealed last week to be at daggers drawn over differences in strategy.

Disappointing it may be, surprising it is not. The idea behind partnership sourcing is a pleasing one: customers and suppliers should stop their vain struggle for power and for margin, and instead join hands in product development and marketing for their mutual advancement.

But it is a fantasy to expect these partnerships to work effortlessly. All relationships are difficult - one in three marriages ends in divorce, and in the case of husband and wife

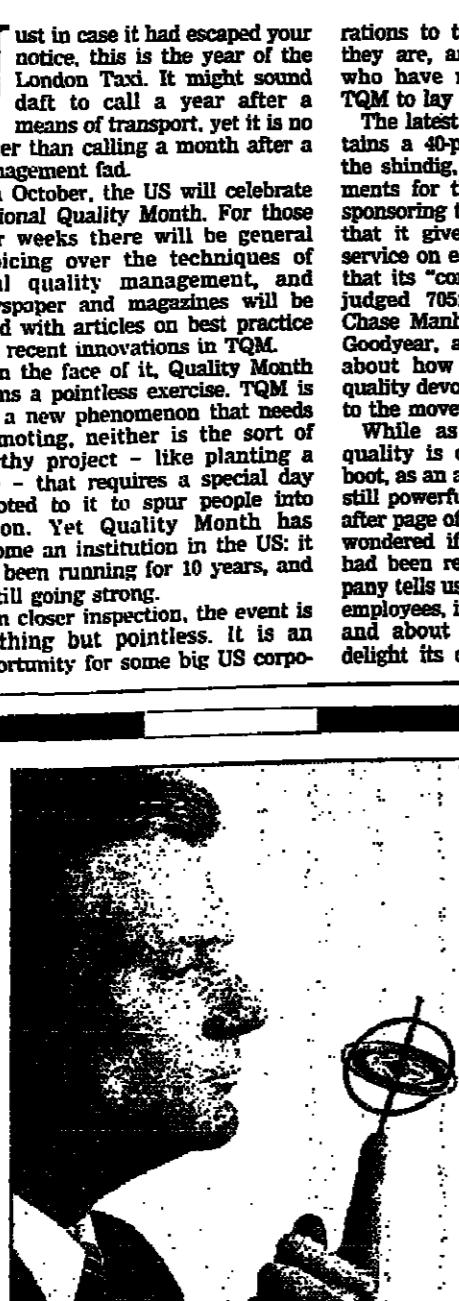
there are plenty of seminars that promise to turn bumbling managers into world-class communicators. But there is a sad lack of more modest courses which accept that inept people are not going to change, and instead offer them advice on how to extricate themselves from the regrettable situations into which they stumble.

I felt the absence of any such lessons the other day when I got myself into hot water at the Savoy Grill. I was greeted at the entrance of this famous lunching haunt by the maître d'. Due to temporary memory failure, I gave him the wrong name of my host. He told me

that there was no such booking, and sent me to the hotel's other restaurant, where there was a reservation in my name I had given.

For half an hour I sat at someone else's table scattering bread crumbs and sipping the drink I had taken the liberty of ordering. There was some consternation when the real occupants turned up, until an immaculate waiter inquired whether I was in fact due to dine with someone of a different name who had been patiently waiting all this time in the Grill.

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LUCY KELLAWAY

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Mr/Mrs/Ms/Mr (Delete as appropriate) Surname and initials

Age \_\_\_\_\_ Street \_\_\_\_\_

Town \_\_\_\_\_ Postcode \_\_\_\_\_

Country \_\_\_\_\_ Telephone \_\_\_\_\_

ROBECO BANK

LUXEMBOURG SWITZERLAND

## PEOPLE

# Vindication for odd man out

Bryan Magee on Karl Popper, the great philosopher, who died at the weekend

**U**ttil he died on Saturday at the age of 92, there were many who regarded Karl Popper as the greatest living philosopher. Yet he was never in fashion with other professional philosophers. This fact had important consequences. One is that he exerted more influence outside philosophical circles than in them, especially in the fields of science and politics. Another is that his influence on academic philosophy lagged many years behind his work. Over the last 20 years he has become a world figure for ideas produced half a century ago. His period of greatest influence may be yet to come.

Karl Raimund Popper was born in Vienna in 1902 into an unusually gifted family. His father was a successful lawyer involved in social work and actively interested in philosophy and the arts; his mother was a talented musician from a family that included the conductor Bruno Walter. Both were Jews who had been baptised, with the result that Popper's upbringing was Lutheran.

For nearly 10 years he was a student at the University of Vienna in physics, mathematics, philosophy, psychology and music. During those years the logical positivism of the Vienna Circle became high intellectual fashion, as did its seductive "verification principle". This asserted that any statement about fact had to be verifiable if it was to claim content: if it was unverifiable it was not false but meaningless, for if no observable state of affairs would reveal whether it was true or false there was nothing it conveyed. The intention was to eliminate metaphysics, including religion, from rational discourse. Popper pointed out that it eliminated also the whole of science.

This was because, as he famously argued in his seminal book *The Logic of Scientific Discovery* in 1934 – scientific laws cannot be verified. From

a finite number of observations can an unrestricted general statement, such as a scientific law, be deduced.

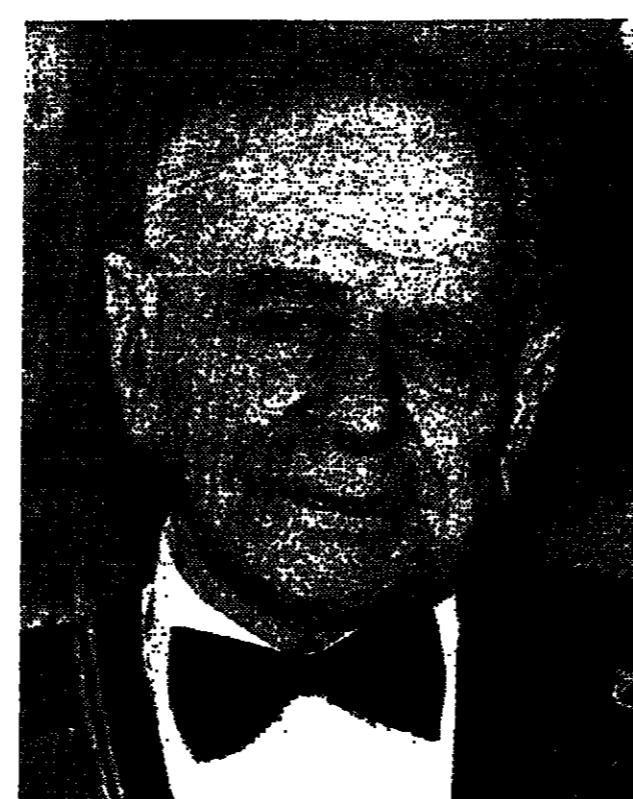
However, since any such statement is contradicted by one single counter-example it can be proved wrong even though it cannot be proved right, and it can therefore be tested against reality. The scientific theories we accept at any given time are those that have stood up to tests so far, but they remain conjectural, and will almost certainly be refuted and replaced by better theories.

Apart from Einstein, Popper probably did more than any other individual to change the 20th century's conception of science. And he showed that since our scientific knowledge is the most reliable knowledge we have, such a change radically alters our conception of the nature of knowledge itself.

In doing this he developed a formidable armoury of arguments that were then based on the pseudo-sciences of Marx and Freud. The arguments with which he demolished their claims to be scientific are now as widely accepted as the arguments with which he demolished logical positivism; yet for decades he was the object of a hostility amounting sometimes to hatred for putting them forward.

The Marxist left denounced him as the blackest-hearted of reactionaries; but the truth is that the Popper who published *The Open Society and Its Enemies* in 1945 had been always left-of-centre. Only later in his life did he drift from liberalism into conservatism.

Meanwhile, because of its positive doctrines, *The Open Society* established itself in the eyes of many (Isaiah Berlin, for instance) as the outstanding work of political philosophy of the 20th century. It has special relevance wherever human beings are attempting to establish democracy. The collapse of international communism, for reasons some of which Popper was the first to formulate, has



course, in the field of language studies).

He made a conscious attempt to put his ideas forward in such a way that nothing of importance depended on the way he used words – though in fact he had a clear and pungent style, full of character, despite the fact that most of his work had to be written in a language not his own.

Like many philosophers of the very front rank, he produced creative work across the whole range of philosophy. He made the biggest contribution of any to evolutionary epistemology (*Objective Knowledge*, 1972), and did outstanding work on the body-mind problem (*The Self and Its Brain* with J C Eccles, 1977), and on the philosophical implications of relativity theory and quantum mechanics (*Quantum Theory and the Schism in Physics*, 1982).

Popper's axiomatic systems for probability theory have generated a whole literature. He maintained a steady output of scholarly articles alongside his more original work – in his 90s he was still publishing major contributions to the study of the pre-Socratic philosophers of Ancient Greece. The many-sided story of his mental life is told up to 1974 in his remarkable intellectual autobiography, *Unended Quest*.

The fact that he was always,

in every field, thinking afresh for himself, always original, always different, set him apart, and helped to make him a lonely figure. It also made him difficult to have dealings with. Touchy, defensive, aggressive, over-intense, a workaholic, he was not easy to like from a distance; but those close to him loved him for the utter genuineness of all his many interests and commitments, the self-forgetfulness of his devotion to them, and his absolute integrity – although that could be misleading at times.

The prolonged illness of his wife, who died of cancer just short of her 80th birthday, was a cold, dark tunnel through which he had to pass in old age. But his own final years were an Indian summer of international recognition and personal happiness among people devoted to him. He was showered with doctorates and prizes. Heads of governments from different parts of the world made unpublished visits to his home. At the age of 92, this odd man out – who had been unable to get any academic job until he was 35 – had lived to see his own vindication.

Bryan Magee is Honorary Senior Fellow in the History of Ideas at King's College, London



## Dominique Damon to head Alusuisse

Two years ago, the Zurich newspapers grumbled bitterly when CS Holding, Credit Suisse's parent, and the Ciba-Geigy drugs group, decamped to London for their annual results press conferences, writes Ian Rodger. No question about it, they were betraying the homeland.

But last Tuesday, when Alusuisse announced that the chief of its packaging division, Dominique Damon, 47, was to become chief operating officer and the designated successor to Theodor Tschopp as chief executive, nary a xenophobic or misogynist squeak could be heard.

Damon is a French national, does not speak German well, does not speak Schwyzerdialekt at all and does not stay at home every day to look after her daughter. Nevertheless, the *Neue Zürcher Zeitung*, the daily oracle of true Swiss values, observed graciously that it was "pleasing to see that a woman will be head of an important Swiss industrial group in the near future".

The quietly spoken Damon has gradually won over the Swiss with something they appreciate – the ability to make lots of money. In her hyperactive six-year career at Alusuisse, she has transformed a motley bunch of packaging businesses with annual sales of SF744m into a highly profitable world class operation whose sales this year will exceed SF2.5bn.

Last year's SF1.1bn takeover of the big Canadian packaging group Lawson Marion was her ninth acquisition, but she is proud of having kept the management teams largely intact at all of them.

A career executive with long

experience at the Danone and Carman groups in France, she believes her most important role is convincing her managers and employees to believe in their company's goals. Otherwise, she says, the risk grows that they will sabotage them. So she spends a lot of time travelling.

Indeed, the joke at Alusuisse is that Damon, for all her success and influence, has no office. She smilingly agrees, saying she keeps up with the paperwork "by telephone and fax". Perhaps she is on to something.

## Diplomatic move by Volvo

It has been clear that Volvo has been looking to beef up its corporate communications team ever since the fiasco of its failed merger with Renault last December, writes Christopher Brown-Humes.

But the vehicle group's announcement last week that Lars Anell, Sweden's EU ambassador in Brussels, had agreed to take the newly created job of head of the corporate affairs section as a senior vice president certainly raised a few eyebrows.

After all, he still has two years to run in his current post – which he describes as the "best job in the Swedish civil service" – and he will be foregoing the chance of seeing his country into the European Union next January.

There is also the fact that Anell has been a civil servant all his working life – apart from his time in Brussels, he has been Sweden's ambassador in Geneva and served as chairman of GATT for two years. The closest contact he has had with Volvo is the model of car he drives. So what has prompted the move?

Anell admits it wasn't an easy decision but says the crucial factor was his age – he is 52 – and the desire "to try something new. This was probably my last opportunity to have a substantial career in private industry," he says.

The role will be a broad one. Apart from the media and investor relations side, he will be asked to evaluate broader political and economic developments. He will also be expected to boost the group's presentation skills, avoiding, if possible, the sort of furore that blew up last autumn after an initially favourable reaction to the Renault plan.

Anell's political/economic

experience is clearly one of his main qualifications for the post. But he will also bring to Volvo the sort of international contacts it has lacked since the acrimonious departure of former chairman Pehr Gyllenhammar last December.

## Allen: Tenneco's liaison in Europe

Tenneco has put Ken Allen, a 14-year company veteran whose strengths lie in law and finance, in charge of managing its operations in Europe, writes Laurie Morse.

Tenneco has not had a co-ordinating executive in Europe for many years, and Allen's appointment, the company says, is evidence of its commitment to achieving a truly global presence in all its businesses.

Allen will serve as liaison officer between Tenneco's five companies – Albright and Wilson Chemicals; Case farm and construction equipment; Monroe and Walker auto parts; Packaging Corporation of America, and Tenneco Gas – and serve on Tenneco's European Advisory Council.

Just as important, he will serve as the eyes and ears in the Europe for Dana Mead, Tenneco's chairman. Tenneco, with \$13bn in sales in 1993, has spent the past two years stabilising and revitalising its US operations. Now it is seeking overseas investments. Allen's job, in part, is to pinpoint business opportunities and take over targets for the company.

"Ken Allen is a good man for this job," says Mead. "He's a lawyer fellow who has run companies himself, and has headed environmental and risk management departments, which when considering operations in Eastern Bloc countries these days, is very important. He has experience with acquisition financing, and will be a catalyst for our businesses over there."

The 55-year-old Allen, who is based in London, reports directly to Mead. Allen spent much of his early career in the insurance industry, coming to Tenneco from Southwestern Life in 1980 when it was acquired by Tenneco. By the time Tenneco sold Southwestern Life in 1986, Allen had risen to become its chief executive. He served as Tenneco's deputy general counsel from 1987 until being named managing director for Tenneco Europe on August 1.

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# Where soft touch meets hard sell

Victoria Griffith reports on America's strong push towards interactive advertising

The coming year will be a vital one for interactive advertising, as dozens of magazines and newspapers go on-line and fibre-optic cable television trials are run in the US.

Interactive advertising allows consumers to control the amount of information they receive about a product. Anyone who has scratched-and-sniffed a perfume advertisement has used interactive advertising, albeit in its most basic form.

At the other end of the spectrum, advertisers envision customers digitising an image of themselves and trying on clothes on a TV screen, or test-driving a new car model through virtual reality.

Interactive advertising, in its truest form, provides layers of information to draw in the consumer. For instance, J Walter Thompson, the advertising agency, has developed an interactive advertisement for Ford, which is now available on Prodigy.

Online, the Prodigy user is invited to explore the Ford automobile by clicking on different parts of the car. Click the mouse on the hood, for instance, and a model of the engine appears. Click on the engine, and a full description of its mechanics is made available.

Now interactive advertising is poised to move from an experimental phase to a defined medium. "By this time next year, we should have a lot better idea of which direction we're going in and how fast we'll get there," says Robert Berenson, president of the advertising agency Grey New York. "The Time Warner TV trial, (which will contain an interactive capability), will be in place by May next year, and we'll have a lot more magazines and newspapers on the Internet."

The borders between entertainment, information services and home shopping networks get blurred in the interactive advertising mix. Nintendo,

for instance, has a game out called Cool Spot, based on the red dot on a can of 7-up soda. Where fun ends and advertising begins is difficult to say. Interactive advertising will also offer chances to buy products through a personal computer or TV set.

The ultimate goal of interactive advertising is to lead consumers from the initial arousal of interest to the point of sale. The New York Times, for instance, plans to offer a service allowing on-line readers to access theatre reviews, then make a reservation for a certain show.

The telecommunications group US West is launching a number of TV-based interactive advertising services. One, City Key, is available at a number of hotels, and lets users "take a tour of the city" on TV. The hotel guest can click on different cinemas, restaurants and museums shown on the screen in order to obtain more information.

Technology is the main limiting factor for interactive advertising right now. "We have so many ideas, but the technology isn't there yet," says Jean Pool, senior vice president of J Walter Thompson. "Since most places are not hooked up to the Internet, in most cases, the user still has to reach for a phone. An on-line reader cannot look at a restaurant review and make a reservation for a table, because not many restaurants are hooked up to an on-line service."

Technology is advancing rapidly, though. Last week Cybercash Inc, formed by executives from the Internet and the electronic payment industries, announced plans to develop a system giving on-line browsers the chance to pay for an item by credit card or bank transfers.

Until the fibre-optic TV stations take off, the main experimenting ground for interactive will be the on-line services. "The Internet is the only place right now where you can access a relatively large audience and

try some of these strategies out," says Clifford Friedman, senior managing director of the media and technology group at Bear Stearns, the investment bank.

One reason companies and agencies are so excited about interactive advertising is that they believe it will be much more effective than passive advertising. "Studies show that when people have to respond physically to an advertisement, it's much more likely to result in a sale," says Norman Lehoulier, head of Grey Interactive.

With the technology rapidly falling into place, interactive advertising looks set to occupy a significant portion of the advertising mix at many companies. "It's not even a question of years, but of months," predicts Marc Andressen, vice-president of technology at Mosaic, the software group. "Interactive will be a prevalent form of advertising by the beginning of 1996."

HO MORE INTERACTIVE DOUBLE GLAZING ADS!



## Full phone listings

By Andrew Adonis

It used to be hard enough to get an itemised phone bill. Now Energis, the newest UK long-distance phone company, is promising business customers a full "telephone management" service.

In addition to a list of all outgoing calls, subscribers will get information on the numbers of incoming calls - including the number of calls unanswered and the average length of time taken to answer a call. This will be broken down into different time periods of the day.

The facts will be issued monthly - and are bound to concentrate the minds of telephone managers wonderfully.

## Multimedia moves into O.J.'s courtroom

By Louise Khefse

When the double murder trial of O.J. Simpson, the former American football star, gets under way in Los Angeles an elaborate multimedia system will be used to present evidence to the judge, jury and millions of armchair jurists watching the courtroom drama on television.

Simpson's lawyers say that they plan to use the system, provided by Trial Presentation Technologies, to display evidence on a large projection screen in the Los Angeles courtroom. The same images will also be displayed on smaller monitors for the judge and lawyers, and be available to TV networks.

Instead of propping up a chart, holding up a photograph or simply referring to documents, in the conventional manner, Simpson's lawyers will be able to select computer graphics, text, video or animations previously stored on computer discs. Diagrams of the murder scene, or of the now-infamous O.J. Simpson

estate, will be displayed on a 67in video screen.

Text of the proceedings will be translated automatically from the phonetic system used by the official court reporter, and will be available to the judge and lawyers should they wish to refer back to previous testimony without delay.

This is likely to be the second time that the multimedia system has been used in a US criminal trial. The first occasion is expected to be the trial of two off-duty policemen accused of shooting a highway patrol officer, scheduled to start in Los Angeles today.

But the system has been used widely in civil cases, where it has proved valuable in presenting complex issues to juries, says Pamela Huenke, chief executive of Trial Presentation Technologies, a Los Angeles company that is pioneering the use of multimedia technology in the courtroom.

The technology has important advantages, she



Simpson: lawyers will make use of elaborate multimedia system

## PA invents a freer press

By Raymond Snoddy

In the last century, Reuters used pigeons to be first with the news. And in past decades one of the first tasks of a journalist away from the office was to make sure there was a phone box nearby, so that he or she could file a story to copytakers. All that changed with the advent of the mobile telephone. And now the Press Association, the UK domestic news agency, has taken the process a step further. It has put together the laptop computer with mobile radio communications to produce Journalist 2000 - a system that frees journalists from the need to telephone systems of any kind when filing their stories.

PA news reporters used the system in their coverage of the D-Day commemorations, filing from the Normandy beaches and on-board ships. Defence correspondent Charles Miller filed his piece on the ceremony in the Bayeux cemetery direct from a laptop resting on a gravestone. Brendan Berry was

aboard the Canberra and filed copy from the middle of the English channel.

Journalist 2000 combines a Hewlett Packard OmniBook with a mobile modem, linking the 2.4in portable computer to the RAM, mobile data network. Once a story is tapped into the laptop there is little to do but key in the password and press the return key. The story is then transmitted in seconds to the PA database in the news agency's Fleet Street, London headquarters.

Because of the success of the system, PA is now experimenting with Journalist 2000 operations from other countries in Europe and the US - particularly for sports coverage.

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D-Day: Berry and laptop

PA has already equipped more than 50 of its journalists with Journalist 2000 and is now trying to market it to other regional and national news organisations.

The hardware costs around £2,000, most of which is accounted for by the powerful notebook. But the subscription charge, for unlimited use of the network, is £45 a month.

This almost certainly makes the PA system cheaper to use than the obvious alternative - a laptop with a modem connected to a cellular telephone.

## ARCHITECTURE

### Daring to be different

Colin Amery looks at the career of Theo Crosby

It takes courage to be different, especially if you are an architect trained in the 1930s but interested in much more than dogmatic modernism and the narrow world of contemporary architecture.

Theo Crosby, who died last week, was a gentle genius who loved architecture, design and communication. It is hard to think of many other architects of his generation who worked so hard to restore architecture to its broader base and to develop links between the members of a polarised profession.

He was born in South Africa in 1925. When he came to England in the 1940s he worked with leading modernists Jane Drew and Maxwell Fry, and later Denis Lasdun. He was always interested in the architectural debate and, as technical editor of the influential magazine *Architectural Design*, combined writing and design work. It was his interest in communicating and discussing architectural ideas that made him so much broader and wiser than many of his colleagues. His journalism was often original and always questioning.

He also saw the value of

exhibitions - the Whitechapel Art Gallery exhibition *This is Tomorrow*, held in 1956, was a crucial show that demonstrated how modern architecture could change the world.

Theo Crosby saw through much architectural dogma, and the varied highlights of his career show that he was a fast mover, able to put his own stamp on a wide range of projects.

He was the leader of Taylor Woodrow's design team for the reconstruction of London's Euston station in the early 1960s, although I don't think he was ever happy about the demolition of the Euston Arch or some of the political decisions that influenced the design. His British pavilion at the Milan Triennale in 1964 won a major prize and led to more work for the British pavilion at the Montreal Expo of 1967.

By the mid-1960s he had created a partnership with Alan Fletcher, Colin Forbes and Bob Gill. Under the name Pentagram, this was to become one of the world's leading design firms. It put architecture into context and pulled together all the design disciplines.

Theo Crosby was always a benign presence in the firm's

London offices, where his hospitality encouraged meetings and discussion groups.

It was later in his career that some of his more maverick sides emerged in his architecture. There is a fascinating brick elevation, at the back of one of the Nash Terraces in Regent's Park, which is almost Victorian in its richness.

He was chosen by Unilever to transform its London headquarters at Blackfriars and it is doubtful whether anyone else could have persuaded the company to embellish a building in the art-deco style. He even succeeded in commissioning larger-than-life-size sculptures for the parapet and to involve several artists in elements of the building, from the lift doors to the board room furniture.

A project which preoccupied and fascinated him for a long time was the re-creation of Shakespeare's Globe Theatre on the banks of the Thames at Southwark's Bankside. With the late Sam Wanamaker, he persisted against the odds, winning friends and influencing people until his design could be built.



Crosby: saw through dogma



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## BUSINESS TRAVEL

## Delays in Kuala Lumpur

**Travelers to and from Kuala Lumpur have been facing frustrating delays due to radar problems at the city's airport, writes Kieran Cooke.**

A recent fire - the third in 18 months - has knocked out an important radar installation and air traffic controllers have had to resort to manual tracking, which has led to the rescheduling of many flights. Departing flights are frequently being delayed for more than an hour - incoming

passengers, particularly on shuttle flights from Singapore, also face problems.

It is likely things will not return to normal until next month.

Malaysia's department of civil aviation has reported two near misses at Kuala Lumpur since the radar went out of action.

In the latest incident the department blamed a Singapore Airlines pilot for not following certain air traffic procedures during a landing approach.

**Duty-free shopping**  
Drivess should head for Milan and airports for Madrid, according to a survey of duty-free shopping in the European Union.

But they should steer clear of London, which the European Consumers' Organisation found to be the most expensive place for either commodity.

The survey also found that Dublin was the cheapest place to buy duty-free perfume and Paris the best for cameras.

Lisbon was the most expensive for perfume, with at least one brand found to be markedly cheaper if bought in town rather than duty-free.

Frankfurt and Copenhagen were the two most expensive duty-free shops for cameras.

## Catering strike

**Consumers' move**  
Inadequate respect for passengers' rights after a one-day strike by air traffic controllers forced many restaurants, bars and other catering outlets to close.

British Interflights, British Airways and Virgin all off the offending list.

However, British Airways had already issued a statement.

"Not for the first time this strike would result in passengers being denied the right to travel safe, western Standard," it stated.

## Delayed in London

**A British Airways flight carrying 72 passengers and crew made an emergency landing last Tuesday after a passenger, riding in the right-hand seat, jammed the landing gear on the side of the plane.**

The unidentified passenger was later found dead in the rear cabin of the aircraft.

He had apparently been

## Crash in Africa

**A Boeing 747 cargo plane** en route from Geneva to Johannesburg, South Africa, crashed in the Namaqualand desert, killing all 200 passengers and crew.

The aircraft, owned by Pan African Air Transport, had taken off from Geneva at 0700 BST yesterday morning.

It was bound for Johannesburg.

There were no survivors.

## Lousy weather in the leading business centres

**London** Sun 75% 20% 30% 30% 30% 30%

**Paris** Sun 72% 28% 35% 35% 35% 35%

**Milan** Sun 72% 28% 35% 35% 35% 35%

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**Los Angeles** Sun 72% 28% 35% 35% 35% 35%

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## ARTS



## NATIONAL THEATRE LONDON

Lillian Hellman's play *The Children's Hour* – described now as the *Oceans* of 1930s America, and known to many from the cinema – is revived on Thursday at the Lyttelton Theatre. A schoolgirl claims that her two women teachers are lovers and a witch-hunt begins. Howard Davies directs; Harriet Walter (left) stars.

## PARIS

The Opera Bastille opens its 1994-5 season tonight with Verdi's *Simon Boccanegra*. It will be Myung-Whun Chung's swan-song as music director. Ten days ago, the production appeared to be doomed by an acrimonious legal battle over the management's decision to sack the Korean conductor. Rehearsals finally went ahead after the Opera agreed to give Chung one last production and pay him compensation for the remaining six years of his contract.

## SADLER'S WELLS

The splendid Cambiare Flamenco troupe opens a season of flamenco dancing in London at Sadler's Wells tomorrow. This is their real thing – vibrant, intoxicating.



## OSLO

The Oslo Philharmonic Orchestra celebrates its 75th anniversary on Friday with a royal gala performance of Schoenberg's *Gurrelieder* conducted by its long-serving music director, Mariss Jansons. The orchestra's recent recordings and tours have won it an enviable reputation – but given Jansons' increasingly high profile in the world's musical capitals, Oslo will be lucky to hold on to him for much longer.



## MUNICH

Edvard Munch is the centrepiece of an exhibition opening on Friday at the Kunsthalle der Hypo-Kulturstiftung. It aims to trace the formative influence which Germany had on the Norwegian painter, and to show how he in turn influenced German art. Alongside 100 works by Munch, there will be paintings by German artists he admired and a selection of early Expressionists who found inspiration in works like "The Scream". The show later moves to Hamburg and Berlin.

Take That  
Pretty boys at Wembley

Howard is getting desperate. He's the tall one in *Take That* who looks as if he would be happier as a human being – and the fans know it. When the girls got the chance to scream for their hero at Wembley on Friday, Howard only rated a modest teeth-aching neurosis on the hysteria scale, and while the arena was awash with banners inscribed "Robbie, I want your body" and "Essential Girls Love U Mark", there were no "Show Me How, Howie" placards. Even growing a ridiculous goated beard has not helped Howard much.

Still, not long to go now. Life as a member of a top pretty boy pre-teen band is brief, just the four years it takes for young girls to progress from Barbie to their first bra. *Take That* are nothing to do with music – they are the warm-up to the day when the pop posters disappear from bedroom walls and real life starts.

Yet there is a move afoot to treat *Take That* seriously. Lead singer and song writer Gary Barlow has won Novello Awards and the Manchester money men behind the hand-picked quintet are constantly tweaking new life into their creation. Certainly they give a good, wonderfully incoherent, show.

It starts with the lads rising up to the stage dressed as Gestapo despatch riders and ripping off the Stones' *Satisfaction* with the bold promise to 10,000 besotted girls *You'll get satisfied*.

It ends with Lulu, who has found a profitable second career as a child minder, leading them into the old disco hit *Reigning my fire*, when they dress as young devils. Now Howard finally slips and bares his bottom in the hope, presumably, of attracting some of the underclothes the girls rain on Little Markie.

In between there is at least one decent original song in *Babe*; some impressive aerobics – the Monkees never attempted somersaults, cartwheels, and hand stands; a Beatles' medley which displayed delusions of grandeur; and the inevitable jokey acoustic set just to fool the Musicians Union.

*Unfortunately, Take That have to be so amped up to combat their non-stop screaming, throat-blowing fans that the sound system is magnified to a shrill and inessential blur; but who's listening. Fortunately *Take That* also threw up one fascinating possibility. Near the end the lads emerge in peek-a-boo tops and boxer shorts and camp around like crazy to *Give good feeling*. Could the management be preparing for the ultimate, mind-blowing leap, transforming this year's pubescent teases into next year's icons of the gay scene?*

Antony Thornicroft

## Frankfurt: the end of an aria

Andrew Clark reports on the cultural crisis that has devastated the financial heart of Germany

To the outsider, Frankfurt betrays little sign of cultural malaise. Its annual music festival has just staged four world premieres. Recent celebrations marking the city's 1200th anniversary featured the Metropolitan Opera and a succession of international orchestras. Next month, the Frankfurt Opera will present Wagner's *Ring*, the most challenging work in the repertory. Like the Frankfurt skyline, these events conjure an image of confidence and prosperity.

Behind the image, however, lies a devastated city. The vibrant, progressive culture of Frankfurt in the 1990s is now history – a victim of recession, reunification costs and political paralysis. Formerly one of Germany's richest cities, Frankfurt is now its most indebted. It can no longer afford to support its own cultural life, and has imposed the biggest cutbacks ever known in post-war Germany. It may have won the race to house a future European Central Bank, but it has lost its place in the vanguard of the arts.

Only a year ago, civic leaders were hopeful that damage to the

arts could be limited if budget cuts were evenly spread. That view turns out to have been shortsighted. Instead of stabilising, the city's finances have worsened, and political pressure on cultural spending has increased. Within 18 months the arts budget has shrunk by 13 per cent. This has had little impact on the wage-bill – civic employees cannot be made jobless against their will – but it has decimated morale and creative output.

The Frankfurt Festival, the most important event in the musical calendar, is being axed. For the past 13 years, it has commissioned new and experimental work, and given an international platform to local talent. This month's premieres are the last. The Alte Oper, the main concert venue, is privatising box office and technical services, and curtailing its own promotions. In future, it will focus on popular concerts, touring orchestras and self-financing events like the Met visit. Local choral and instrumental groups, which until recently formed the backbone of the programme, are being marginalised.

The Frankfurt Opera's 1994-5 pro-

gramme is limited to 100 performances – half the 1986 total. Several productions, including *The Ring*, have been borrowed from elsewhere, and the company will suffer the indignity of vacating its theatre at Christmas to make way for a touring musical. It may have to suspend all activity for the second half of next year – a tough prescription for a city which has traditionally counted itself one of Germany's musical centres. The artistic director, Sylvain Cambreling, has threatened to resign if the situation does not improve.

Although performing arts companies are the worst affected, the visual arts have also suffered. In January, museums were forced to introduce admission charges. Special exhibitions must now be self-financing. As a result, the museums for modern art, handicrafts and architecture have suffered a 30 to 50 per cent drop in visitors. "This reduces the legitimacy of museums in the eyes of politicians," says Hellmut Seemann, managing director of the Schirn Kunsthalle, where the budget has been cut by 27 per cent. "They can now argue that no-one is

interested, making it easier for them to carry on cutting. What is going on is a tragedy. We need to build a cultural policy not from the viewpoint of the finance ministry, but with an eye for the long-term benefit to society."

Frankfurt has suffered more than other German cities for a variety of reasons. It has a smaller population than Hamburg or Cologne, and more low-paid foreigners. There are huge social problems, with drugs and unemployment high on the list. The better-paid white-collar workers – the biggest cultural consumers – live and pay their taxes outside Frankfurt in the state of Hesse. But unlike other German states with big regional centres, Hesse pays nothing to support Frankfurt's theatres and museums – a cause of much bitterness.

Frankfurt has also had further to fall. Thanks to the visionary policies of the former Social Democratic culture commissioner, Hilmar Hoffmann, it enjoyed a period of artistic regeneration on the back of the 1980s economic boom. Hoffmann helped to create the Museumsufer – a row of museums along the

of the river Main. The Alte Oper, built from the ashes of the war-bombed opera house, transformed concert life when it opened in 1981. At the "new" opera house, the radical policies of Michael Gielen won worldwide acclaim. The *bouzon* encouraged a free-spending mentality. At one point, there was even talk of dropping all charges for theatre tickets.

**T**he recession brought Frankfurt down to earth – but the authorities have done little to cushion the fall. Weakened by instability, the ruling coalition of Social Democrats and Greens has resorted to piecemeal cost-cutting, instead of formulating a coherent policy. Hoffmann's successor, Linda Reisch, has not provided the leadership necessary to fight the arts' corner. This has helped fuel a divisive debate about the city's responsibility.

Those advocating self-support for the arts are currently in the ascendant. "When money is short, we need to be more businesslike, to cover our costs," says Rudolf Saller,

manager of the Alte Oper. "We need artists who are well-known and have credit with the public. You can't always be crying 'more for culture'."

Such a view runs contrary to Frankfurt's traditions. "It also offers no hope for the future," says Dieter Roth, outgoing director of the Frankfurt Festival. "The purpose of subsidy is to support events which are not commercially viable, but have a special purpose and value to the community. If you subject the arts to the same cost-cutting measures as factory, you stink up your creative roots – you'll end up with the same circus of touring orchestras as every other city. That's not culture."

The debate is especially relevant to the Frankfurt Opera, for which the financial squeeze is only one of several blows it has received since Gielen left in 1987. The company was devastated by the fire which destroyed the opera house shortly after Gielen's successor, Gary Bertini, took office. Bertini never won the company's confidence, and his early departure cost DM2m in unfulfilled contractual obligations, plus a lot of damaging publicity.

The company's image has been further weakened in recent months by a dispute between Cambreling (who arrived last year) and the administrative director, Martin Steinhoff, over how to combat a 30 per cent cut in subsidy. Cambreling, formerly Gérard Mortier's music director at the Monnaie in Brussels, had no warning of the cut when he agreed to come to Frankfurt. By general consent he has put together an interesting programme and raised standards. But he sees little point in staying if the company gives only 50 performances a year – as planned for 1995 – and reduces the size of chorus and orchestra.

Cambreling accuses Steinhoff of favouring the Frankfurt Ballet and acting as a message-boy for the city government. For his part, Steinhoff says Cambreling has failed to confront reality. At present, the company spends an average DM100,000 per performance on guest singers, on top of the fixed costs of a permanent company. According to Steinhoff, the choice lies between changing over to a "festival" system like the Châtelet in Paris – bringing in guests for limited-series productions and doing away with permanent overheads; or building an ensemble of salaried singers on the old German Stadttheater principle – meaning fewer stars, lower artistic standards, but regular performances. "At present we have a mixture which is not financially viable. We need to forge a pact, because it would be the final blow for Frankfurt if Cambreling resigned."

## Antony Thornicroft

Frankfurt's financial district – the city may have won the race to house the European Central Bank, but it has lost its place in the vanguard of the arts

## INTERNATIONAL ARTS GUIDE

## ■ BERLIN

## CONCERTS

Philharmonie Tonight: Maurizio Pollini plays Beethoven piano sonatas. Wed: Michael Gielen conducts Berlin Philharmonic Orchestra in Mahler's Seventh Symphony. Thurs: Emerson Quartet plays string quartets by Webern and Debussy. Fri: Gennady Rozhdestvensky conducts Chamber Orchestra of Europe in Britten, Shostakovich and Dvořák, with piano soloist Viktoria Postnikova. Next Tues: Pierre Boulez conducts Ensemble InterContemporain. Schauspielhaus Tonight: Emmanuel Krivine conducts Berlin Symphony Orchestra in works by Brahms and Mussorgsky/Ravel, with piano soloist Gerhard Oppitz. Fri: Serge Baudo conducts Berlin Radio Orchestra in Wagner, Liszt and Prokofiev. Sun: Jonathan Nott conducts Berlin Symphony Orchestra in Webern, Boulez, Mozart and Janáček (2090 2156).

OPERA/DANCE Deutsche Oper Tomorrow: Madama Butterfly. Wed: Un ballo in maschera

with Julia Varady. Thurs, Sun: Der Fliegende Holländer with Simon Estes and Sabine Hoss. Fri: Siegfried Jerusalem song recital. Sat: Hans van Manen choreographies. Sep 28: first night of new production of Andrea Chenier (341 0249).

Staatsoper unter den Linden Thurs, Fri: Nureyev production of Glazunov's ballet Raymonda. Sat: Der Freischütz. Sun: first night of new production of Rossini's 1813 Faenza version of Tancredi, staged by Fred Bremdt and conducted by Fabio Luisi, with cast headed by Jochen Kowalski and Lynne Dawson (200 4762/2035 4494)

## ■ NEW YORK

## THEATRE

● Philadelphia, Here I Come! is the first Broadway revival of Brian Friel's Irish drama since 1986, and brings the total number of plays on Broadway to a staggering four. In Roundabout Theatre Company's production, directed by Joe Dowling, Milo O'Shea plays the father and two actors play the son – Robert Sean Leonard is Gareth in private, and Jim True is Gareth in public. Till Oct 16 (Roundabout, 1530 Broadway at 45th St, 869 8400)

● Three Tall Women: a moving, poetic play by Edward Albee, dominated by the huge, heroic performances of Myra Carter, She, Jordan Baker and the droll and delightful Marian Seldes represent three generations of women trying to sort out their pasts (Promenade, Broadway at 76th St, 239 6200)

## OPERA/DANCE

Metropolitan Opera The opening night gala next Mon consists of Puccini's Il Tabarro with Plácido Domingo and Leoncavallo's Pagliacci with Luciano Pavarotti, Teresa Stratas and Juan Pons sing-

disaster. Part one is Millennium Approaches, part two Perestroika, played on separate evenings. The cast includes F. Murray Abraham (Walter Kerr, 219 West 48th St, 239 6200)

● Carousel: Nicholas Hytner's bold, beautiful National Theatre production from London launches Rodgers and Hammerstein towards the 21st century (Vivian Beaumont, Lincoln Center, 239 6200)

● Guys and Dolls: a top-notch revival of the 1950s musical about the gangsters, gamblers and good-time girls around Times Square (Martin Beck, 302 West 45th St, 239 6200)

● Blood Brothers: Willy Russell's musical about twins who, separated at birth, eventually meet and fall in love with the same girl. The show has been running on Broadway for 18 months, but the recent addition of Carole King has added a little heat to the box office (Music Box, 239 West 45th St, 239 6200)

● Kiss of the Spider Woman: pop star and ex-Miss America Vanessa Williams has taken over the title role in the long-running Kander and Ebb musical directed by Harold Prince (Broadhurst, 235 West 44th St, 239 6200)

● Crazy for You: Gershwin's tunes and Susan Stroman's choreography are the central pleasures of this light and frothy entertainment, now in its third year on Broadway (Shubert, 225 West 44th St, 239 6200)

● Indomitable soprano Barbara Cook takes command of the Carlyle Hotel dinner-and-music room for a month, starting tomorrow, backed up by her longtime pianist and arranger Wally Harper. Her voice remains almost defiantly that of the 1950s Broadway ingenue. Across the hall in Bemelmans Bar, dapper and easy-going cabaret singer

James Levine. The opening week of performances also includes Idomeneo (with Domingo), La Bohème and Rigoletto (362 6000)

State Theater New York City Opera's autumn season runs till Nov 20. This week's repertory, starting on Wed, consists of Lakmé, Tosca, Prince Igor, Carmen, Die Zauberflöte and Madama Butterfy. Prince Igor is a new production, with a Russian cast conducted by Guido Ajmone-Marsan and choreographed by Damiani Woetzel of New York City Ballet (670 5570)

● CONCERTS Avery Fisher Hall The New York Philharmonic's 1994-5 season opens on Wed with a programme of Weber, Boccherini, Tchaikovsky and Bartók conducted by Kurt Masur, with cello soloist Yo Yo Ma. Masur conducts a modified programme, without soloist, on Thurs, Fri morning, Sat and next Tues (875 5030)

Carnegie Hall The new season begins on Sat 29 with a concert by the Academy of St Martin in the Fields, with mezzo Cecilia Bartoli (247 7800)

## JAZZ/CABARET

● Max Roach Double Quartet is in residence this week at the Blue Note, starting tomorrow (131 West 3rd St, near Sixth Ave, 475 8502)

● Indomitable soprano Barbara

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the hall in Bemelmans Bar, dapper

and easy-going cabaret singer

Ronny Whyte begins an engagement tomorrow (Madison Ave at 76th St, 744 1600)

● Vocalist Bobby Gadwell begins a two-week engagement at Algonquin Hotel tomorrow (59 West 44th St, 840 6800)

● Cabaret deity Karen Akers begins a run at the Rainbow & Stars night club tomorrow (30 Rockefeller Plaza, 632 5000)

## ■ PARIS

## OPERA

● The 1994-5 season at the Opéra Bastille opens tonight with a new production of Simon Boccanegra, conducted by Myung-Whun Chung and staged by Nicolas Bréger, with a cast headed by Vladimir Chernov, Kallen Esperian and Roberto Scanduzzi (nine more performances till Oct 14). This is the last production Chung will conduct for the Opéra, under the terms of a settlement ending his contract as music director. Bob Wilson's version of Madama Butterfy is revived on Sep 29. The season also includes Le nozze di Figaro, Lucia di Lammermoor, La Damnation de Faust, Un ballo in maschera, Iphigénie en Tauride, Die Zauberflöte and Capuleti e i Montecchi (4473 1277)

## DANCE

● One of France's leading young choreographers, Philippe Decouflé, is in residence with his troupe at the Théâtre de la Ville till Sep 29 (4274 2277)

● The Paris Opéra Ballet's 1994-5

season takes place mainly at the

Bastille. It opens on Oct 25 with the

world premiere of a work for

cello and orchestra by Daniel-Lesur (4561 0630)

## The oil has not run out

**Robert Corzine and Gillian Tett on the sector's comeback**

Out of sight and out of mind could be the motto of the UK offshore oil and gas industry as it prepares this week to observe the 30th anniversary of the first North Sea exploration licences.

With most production platforms standing far offshore and support facilities concentrated in remote coastal towns, the industry's public profile has slipped below the horizon in recent years. Not so North Sea oil and gas production. In spite of a widespread perception that the UK oil industry is long past its heyday, the sector has this year staged a dramatic comeback with a surge in production that has boosted the trade figures and flattened overall UK economic data.

Average oil output for the year so far is up by 29 per cent against 1993, according to figures from the Royal Bank of Scotland, with output recently running at about 2.4m barrels a day. The high rate of growth, which follows years of decline, has taken many City economists by surprise. "Most people had been aware that oil and gas would expand over the next couple of years," says Mr Leo Doyle, UK economist at London brokers Kleinwort Benson. "But they had not expected it this quickly."

The main reason is that a sizeable number of new fields have been brought onstream over the past year and are building up to peak production. Among the larger ones are Scott, operated by Amerada Hess of the US, Enterprise Oil's Nelson field and Alba, operated by Chevron. Most were approved three or four years ago, when oil prices were considerably higher than the present level of about \$16 a barrel for the benchmark Brent Blend. But the new fields have also benefited from the extensive cost-cutting undertaken by the industry in recent years, as well as from efficiency gains brought about by new technology.

Technology is also helping companies to extend the life of older fields and to exploit small accumulations which in the past were seen as uneconomic, another factor behind this year's surge in output.

A case in point is the Gryphon field, 200 miles northeast of Aberdeen and is operated by Kerr-McGee, the US oil company. The 100m barrel field is considered small by earlier North Sea standards, but is typical of the type of fields that will need to be developed if UK production is to stabilise at its new, higher levels.

To save money, the company took the conventional fixed oil platform, which would have cost \$400m, and bought instead a tanker-like "floating production and storage unit" for \$260m, according to Mr Roy Phillips, Kerr-McGee's general manager in the UK.

The cost advantages of ship-shaped production vessels are such that they are being considered for a number of new projects, including Amerada Hess, which has just joined the top five North Sea companies according to value of assets.

There were suggestions last

year that the tax changes were likely to cause some international companies to pull out of the North Sea. But there has been little evidence of that so far. Instead, many US companies, including Amerada Hess, say they want to expand their operations. Conoco of the US this month announced it intends to spend \$400m a year in the UK offshore industry to the end of the decade.

Such plans will please a government clearly seeing the benefits of the present oil boom. Second-quarter oil trade, for example, was £1.3bn in surplus, its highest level in eight years and nearly three times higher than in the same period last year. This has helped to allay fears that Britain faces a worsening balance of payments as higher economic growth leads to increased imports.

For how much longer can the sector maintain this performance? Most experts think output will peak sometime next year, before settling at a somewhat lower "plateau" level. But that will still leave output above 2m barrels a day until the end of the decade, even if world prices remain depressed.

A study this year by Wood Mackenzie, the Edinburgh-based consultants, suggested that 50 fields likely to be considered for development over the next few years would be economic at the current price of \$16 a barrel. In addition the government's latest licensing round showed strong interest in deep water areas west of the Shetland Islands and off the west coast of Scotland. That is higher than in onshore fields in many parts of the world, but low enough to ensure that the UK continues to attract the interest of interna-

tional oil companies. Politically stability, proximity to markets and the UK's extensive oil infrastructure are additional attractions.

So too is the government's attitude toward the industry, although oil companies were divided last year in their response to a sudden change in the government's taxation regime. It had the effect of removing relief on exploration, but lowering the tax rates on existing fields.

That pleased companies such

as BP and Shell, two of the biggest offshore operators with extensive but relatively high cost mature assets in need of refurbishment, but was less well received by aggressive explorers such as Amerada Hess, which has just joined the top five North Sea companies according to value of assets.

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In the past, it could take years to build a network. Today, a single satellite and a few dozen ground stations can be installed in a few months – at much lower cost.

The economics of networks

have changed so radically that

a competitive, private market can build much of the GII. This is dependent, however, upon sensible regulation.

In the US, we aim to build

also "transformed the economics of the field," says Mr Phillips.

Development costs vary

according to the field, but

many companies have been able to cut them by half with the help of the new seismic techniques and drilling methods.

HP, for example, with one of

the most extensive North

Sea operations, has seen its

worldwide development costs

fall from around \$10 a barrel

five years ago to between \$4

and \$5 a barrel.

There have been similar

reductions in operating costs,

with some new North Sea

fields reporting costs as low as

\$1 a barrel, although about \$5 a barrel would be the average for the central and northern North Sea. That is higher than in onshore fields in many parts of the world, but low enough to ensure that the UK continues to attract the interest of inter-

## SMILES FROM AROUND THE WORLD TO TAKE YOU PLACES

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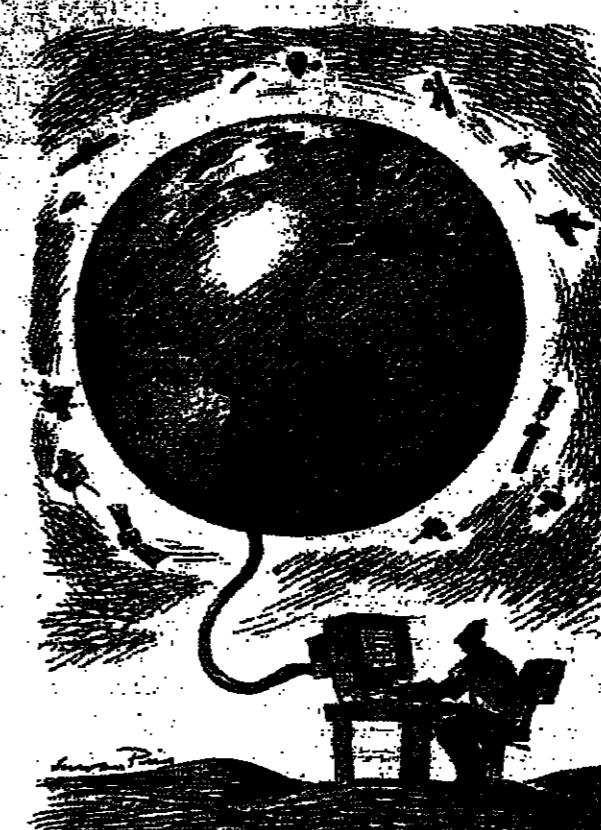
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Wherever you're from, wherever you're going, on Gulf Air you'll always find friendly faces, and a smile that you recognise.

## Plugged into the world's knowledge

**US Vice-president Al Gore explains how a global information system will aid development**



The linking of the world's people to a vast exchange of information and ideas is a dream that technology is set to deliver.

President Bill Clinton and I believe that the creation of a network of networks, transmitting messages and images at the speed of light across every continent, is essential to sustainable development for all the human family.

It will bring economic progress, strong democracies, better environmental management, improved healthcare and a greater sense of shared stewardship of our small planet.

To this end, legislators, regulators and business people must now build and run a Global Information Infrastructure (GII).

We call upon all governments, in their own sovereign nations and in international co-operation, to build this infrastructure.

The US will do its part. But the development of the GII must be a co-operative effort. It cannot be dictated or built by a single country, and it must be democratic.

The GII will promote democracy by enhancing the participation of citizens in decision-making. And it will promote the ability of nations to co-operate with each other.

It will also be the key to economic growth. The information infrastructure is to the US economy of the 1990s what transport infrastructure was to the economy of the mid-20th century. Approximately 60 per cent of all US workers are "knowledge workers". Computing and information networks have made US companies more productive, more competitive and better able to adapt to changing conditions. They will do the same for other nations.

Digital telecommunications technology, fibre optics and new high-capacity satellite systems are transforming telecommunications. A fibre optic cable can carry thousands of telephone calls per second over a single strand of glass.

In the past, it could take years to build a network. Today, a single satellite and a few dozen ground stations can be installed in a few months – at much lower cost.

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and maintain through the private sector a National Information Infrastructure of information highways.

Our plan is based on the principles of:

- encouraging private investment;

- promoting competition;

- creating a flexible regulatory framework that can keep pace with rapid technological and market changes;

- providing open access to the network for all information providers; and

- ensuring universal service.

Many of these are accepted international principles which I believe can inform and aid the development of the GII.

Today, many more technological options make it not only possible, but desirable, to have different companies running competing – but interconnected – networks, to make the telecommunications sector more efficient, more innovative and more profitable.

To promote competition and investment in global telecommunications, we need to adopt cost-based collection and accounting rates.

International standards are also needed to ensure interconnection and interoperability throughout the world. National networks must connect effectively with each other to make real the simple vision of linking schools, hospitals, businesses and homes.

In order for the private sector to invest and for competition to be successful, it is necessary to create a regulatory environment that fosters and protects competition and private-sector investments, while at the same time protecting consumers' interests.

In the US, we have delegated significant regulatory powers to an independent agency, the Federal Communications Commission. This is an expert body, well-equipped to make difficult technical decisions and monitor changing market conditions.

We also need a flexible, effective system for resolution of international issues.

Open access is another

important principle. Telephone and video network owners should charge non-discriminatory prices for access to their networks.

Countries and companies will not be able to compete in the global economy if they cannot get access to up-to-date information or communicate instantly with customers around the globe. Ready access to information is essential for training the workforce needed for high-tech industries.

Countries that flourish in the 21st century will be those that have telecommunications policies and copyright laws that give their citizens access to a wide choice of information services. Protecting intellectual property is absolutely essential.

The final and most impor-

tant principle is to ensure universal service so that the GII is available to all.

Hundreds of satellites in low earth orbit may soon provide telephone or data services to any point on the globe. Such systems could make universal service practical and affordable.

Another dimension of universal service is the recognition that marketplace economics should not be the sole determinant of the reach of the information infrastructure.

President Clinton and I have called for positive government action in the US to extend the GII to every classroom, library, hospital and clinic in the US by the end of the century.

Schools and libraries in every country could be connected to the Internet, the world's largest computer network, in order to create

another dimension of universal service, that is, the experience with the GII has so convincingly demonstrated.

Alan Walker, vice-chairman & director, JG Trading Group, 1000 19th Street NW, Suite 605, Washington DC 20006, US

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution.

### Raise the strategic game

*From Mr Kerry Napuk*

Sir, Andrew Campbell's spirited defence of strategic planning was well founded (Management Page: "The point is to raise the game", September 14). However, along with the detractors of planning, Campbell misses the enormous positive impact strategic planning can have on medium-sized companies. For them, the planning process often is the first time the management team deals with fundamental questions facing their company. Where do we want to go? How can we get there? How do we make it work in our company?

When the senior team shares a future direction – the vision – it creates a framework in which strategies can be crafted as means towards realising this greater end. Strategies are useless when unconnected to a desired future state on one hand and to specific action plans involving teams on the other. Moreover, strategic planning adds value in bonding the team together, managing change and creating the appropriate structure to make the plan work.

Perhaps we need to "raise the game" by extending the debate over strategic planning to the much larger pool of medium-sized companies?

Kerry Napuk,  
managing director,  
NAP Associates,  
10 West Sackville Road,  
Edinburgh EH16 5NG

### Yields tell a different story

*From Sir Alan Walker*

Sir, In "Interest cost of UK opt out" (September 15), Sam Britton says: "The important point is that opting out of the ERM does have an economic price which the UK may already be paying in long-term interest rates higher than those of her partner countries, and in the need to reinforce confidence by base rate increases..."

It is difficult to square this with the changes in the gilt/bond spread. In April 1992 when we were solidly in the ERM and on the way to some sort of currency union, gilt yields reached a peak of 200 basis points above bond yields. From January to September

1993 the average yield was around 100 basis points, and we dropped out of the ERM and prospects of GDP recession led the spread to decrease to a low of 50 basis points at the beginning of 1994. This is a *de facto* currency union and everyone believes that it will be sustained, though of course interest will be the same and there would be no spread at all. But the road to such a union is not smoothly paved with declining spreads, as the experience with the ERM has so convincingly demonstrated.

Alan Walker, vice-chairman & director, JG Trading Group, 1000 19th Street NW, Suite 605, Washington DC 20006, US

*Belief in*

## FINANCIAL TIMES

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Monday September 19 1994

# No quick fix in Haiti

Whether or not Mr Jimmy Carter succeeds in persuading Haiti's military junta to step down, it seems US troops will soon be on the ground there. But if the Clinton administration is hoping for a brief engagement with this troublesome and unhappy nation, it is making a mistake.

US troops may leave within months as planned, but US finance and support for the country - as part of a broad international effort - will be needed over the long term. If Haiti is not to slide back to dictatorship or anarchy, the US decision to intervene makes a long-term commitment to Haiti its moral responsibility - without such a commitment, Haiti will all too soon re-emerge as a thorn in Washington's side.

Some will argue that US intervention in Haiti is in itself a mistake, and Mr Clinton can certainly be criticised for the confused and contradictory way he has handled the issue in the past two years. Now he has boxed himself into a corner from which the unpopular option of invasion seems the only exit.

Yet that does not mean that invading is wrong in principle. Restoring democracy and human rights within Haiti are laudable objectives. The fact that the US cannot act everywhere should not prevent it from acting to restore democracy when that is within its power.

The more appropriate question is whether US action is likely to achieve its objectives in a nation that, in 150 years of independence, has known only a few months of rule by freely-elected government. Clearly, ousting Haiti's current crop of military leaders will, of itself, not resolve the problem. If the armed forces and the police are not purged and professionalised, it will be only a matter of time before the next military

trust them they can realise their own dream. If this is an Anglo-Irish conspiracy, its purpose is to convert 25 years of debate by terrorism into peaceful politicking.

Yet it would be a mistake to confuse the wish with its fulfilment. The IRA has announced a ceasefire, but it resists blandishments to declare it permanent. Mr Major has rightly lifted the ban on the broadcast of terrorists' voices, but has not been repaid with a pledge that Armalites will never again be used. The "loyalist" paramilitary gangs have not yet accepted the armistice. Both sides retain their arms. The IRA continues to demand the release of convicted killers it terms political prisoners.

In these circumstances it is a pity that President Bill Clinton is fighting difficult mid-term Congressional elections. Looking to the Irish-American electorate, he is expected to grant a second visa to the president of Sinn Féin, Gerry Adams. It will come as no surprise if - when - Mr Clinton or another senior US figure greets the leader of the political wing of the IRA. The excuse offered in Dublin and Washington will be that this will bind the IRA/Sinn Féin into the peace process. Mr Major, and the rest of us, can only hope that that judgment is right.

The theory is that, in time, the constant deployment of this basic democratic principle will persuade unionists that while they command majority support they can safeguard their province, and nationalists that if they can persuade enough Ulster voters to put before a referendum. Yesterday Mr Albert Reynolds said that there would be no united Ireland for at least 20 years, and that even then the matter would be determined by popular vote.

Both statements are implicit in the joint declaration issued by the two heads of government last December. The essence of that statement was that future constitutional changes on the island of Ireland were to be based on the principle of self-determination, exercised north and south. Mr Reynolds has since reiterated this several times, in a number of different ways. So has Mr Major. Yet such is the depth of suspicion in Irish affairs that it may have to be repeatedly repackaged and reiterated over the coming months.

The theory is that, in time, the constant deployment of this basic democratic principle will persuade unionists that while they command majority support they can safeguard their province, and nationalists that if they can persuade enough Ulster voters to

## Jaw-jaw in Ulster

The prime ministers of Britain and Ireland are displaying remarkable political skill in their efforts to bring peace to Northern Ireland. On Friday Mr John Major undertook that any new arrangement for the governance of Ulster will be put before a referendum. Yesterday Mr Albert Reynolds said that there would be no united Ireland for at least 20 years, and that even then the matter would be determined by popular vote.

Both statements are implicit in the joint declaration issued by the two heads of government last December. The essence of that statement was that future constitutional changes on the island of Ireland were to be based on the principle of self-determination, exercised north and south. Mr Reynolds has since reiterated this several times, in a number of different ways. So has Mr Major. Yet such is the depth of suspicion in Irish affairs that it may have to be repeatedly repackaged and reiterated over the coming months.

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## Kuchma's task

As the west dispatches firemen to small embattled nations throughout the globe, Ukraine is quietly emerging as one of the next major tests of the new world order. Ukraine must implement radical economic reforms and the west must help to pay for them.

Kiev's capacity for producing disaster is enormous. The current, farcical power struggle in the breakaway Crimean peninsula is one symptom of festering regional tensions in Ukraine, but if the economy deteriorates further Ukraine's separatist comedies could turn into the tragedy of civil war.

Given Ukraine's location on the edge of a more economically robust, but politically still fragile, eastern Europe, civil strife would be bad enough. Yet Ukraine's proximity to Russia makes it even more dangerous. Given most Russians' view that Ukraine is a natural part of their country, the temptation for Moscow to meddle in a war-torn or destitute Ukraine would be as attractive as it could prove fatal. Russian involvement in a Ukrainian civil war would make it the most threatening conflict in Eurasia. Moreover, a Russian effort to reabsorb Ukraine would break Russia's tentative hold on democracy because it would require authoritarian measures in Russia itself.

With the election of President Leonid Kuchma in July, a chance to avert these nightmare scenarios has emerged. Mr Kuchma appears to have understood that Ukraine cannot survive intact without the



India's economic great expectations

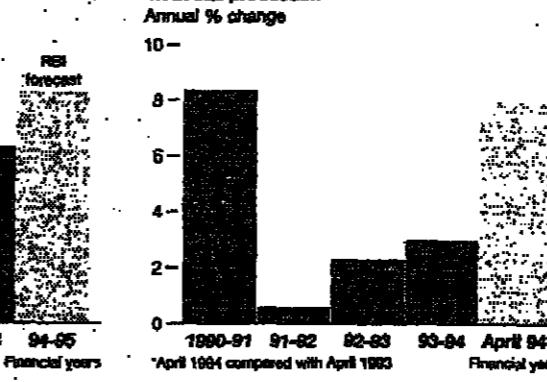
GDP growth

Industrial production

Annual % change

Exports

(\$bn)



Source: Datastream

RBI forecast

Financial years

April 1994 compared with April 1993

Financial years

# Not nearly radical enough

Despite free-market reforms, India's economic upturn is modest rather than spectacular, says Stefan Wagstyl

**A**fter three years of market reforms, the Indian economy is showing clear signs of revival. But the rebound could prove short-lived unless the government presses ahead with further restructuring.

Industrialists in India are now more optimistic than at any time since Mr P.V. Narasimha Rao, the prime minister, embarked on liberalisation in mid-1991. The mood was good. Industrial output is forging ahead and the Bombay Stock Exchange's index of leading stocks last week reached an all-time peak.

It is, of course, on the Haitian people that the establishment of democracy will ultimately depend - and on President Jean-Bertrand Aristide, the priest deposed by the military in 1991 after seven months in office. While unquestionably the rightful head of state, he has not convinced everybody of his democratic credentials.

He has been criticised for not eradicating human rights abuses while president, and for statements in which he apparently incited supporters to violence - though it is true that during his brief tenure in office, he was under pressure from enemies for whom democracy and the rule of law had no meaning. Having invoked democracy to return to Port-au-Prince, Mr Aristide must live by his rules when he arrives there. His statement that he will stand down when his five-year term ends next year, as the constitution demands, is thus welcome.

Yet the upturn that is causing such excitement is as yet a modest recovery rather than an industrial take-off. The Reserve Bank of India, the central bank, last week forecast the economy would grow by 5 per cent in the current financial year, ending in March 1995, up from 3.8 per cent. This is still short of the average 5.5 per cent achieved in the pre-reform 1980s and far below the growth rates of India's economic rivals in the developing world, notably China.

"We are so slow off the mark," says Mr Hirshikesh Mehta, vice-chairman of Mafatlal Industries, a textiles-based conglomerate.

But Mr Rao has decided against further radical reforms, such as trimming bloated public-sector enterprises or amending labour laws which ensure jobs for life.

With elections due in the next few months in 10 of India's 25 constituent states and a general election to be held by mid-1995, the prime minister wants to avoid electorally-unpopular decisions.

Mr Rao believes that, unlike China or other authoritarian states, India cannot rush politically difficult reform because it is a vibrant democracy. But the truth is that India's democracy may not be vibrant enough.

Less than 30m people enjoy the benefits of legally-protected employment in large-scale organisations. They and their families - about 150m people - are the main beneficiaries of the economic status quo. And politicians and bureaucrats are the ones who profit from the patronage that allows this.

The rest of India's 850m people

are largely excluded from the whole process. If their interests were better represented, the pace of reform might be quite different. Employers have said that if labour laws were more flexible, they would shed staff, but would also create new jobs.

Even without restructuring of the organised sector, especially of public enterprises, the reforms are bearing fruit. Exports after two years of stagnation leapt 20 per cent in 1993-94. By June 1994, the government had approved foreign direct investments totalling \$5bn. Foreign fund managers have invested about \$5bn in the Indian stock market and in overseas issues made by Indian companies. Foreign exchange reserves have leapt from \$1bn in mid-1991 to more than \$17bn.

**D**omestic companies are beginning to invest. Output of consumer goods started rising last year. Now capital goods production is rising. Industrial production in April jumped 8 per cent year-on-year.

The central bank estimates that after three years of stagnation, private investment will rise 10 per cent in 1994-95. As Mr Amit Mitra, secretary general of the Federation of Indian Chambers of Commerce and Industry, says: "There's an unbelievable amount of energy in Indian industry now." Moreover, partnerships between Indian and foreign companies are sprouting as never before, including, most recently, the progress it has made.

The rest of India's 850m people

are largely excluded from the whole process. If their interests were better represented, the pace of reform might be quite different. Employers have said that if labour laws were more flexible, they would shed staff, but would also create new jobs.

Yet, although India is playing host to more foreign businesses than ever, there are worrying signs that the first rush of international enthusiasm may be waning. Export growth has slowed sharply since the end of March to an annual rate of 8.3 per cent for the four months to the end of July. Foreign investment approvals fell in the first six months of 1994 by 38 per cent to about \$800m, compared with the same period last year. Foreign portfolio investment has also slowed in recent months.

All these may be temporary blips, but they could also indicate some foreign companies are having second thoughts about the speed with which they wish to commit themselves to India.

Their doubts reflect a concern that while India's reforms may be substantial and irreversible, they may not have gone far enough. As Mr Jeffrey Sachs, the Harvard University economist, said during a recent visit to New Delhi: "India has made remarkable progress but it is only partial progress."

To convince the sceptics, India needs to ensure the bureaucrats' fingers are really being lifted from the levers of economic power. While many controls have been scrapped, the officials' desire to retain influence has not. In the power sector,

for example, an outline policy for private investment in power stations was published two years ago, but the details are still being discussed in negotiations with would-be investors. Apart from the delays, this case-by-case approach creates scope for corruption.

Similarly in telecommunications, a new policy ending the state's monopoly of basic services was announced four months ago, but crucial issues, such as tariffs, still remain to be settled.

India's state-controlled industries and services account for about half the nation's capital, but produce only a quarter of its output. The government has sold minority stakes in public enterprises but refuses to embrace full-scale privatisation. As Mr Sacha points out, the experience of other countries shows that without privatisation other measures efficient are usually futile.

Ministers have made progress in liberalising the capital markets, including Indian companies' access to the euromarkets. However, they are reluctant to relax control of the banking industry. The state-owned banks, which dominate the market, are being allowed to raise private equity, but the government will retain a majority stake and stifle genuine competition.

Finally, the government has not put its own financial house in order. After cuts in the first years of reform, public borrowing soared last year to cover a fiscal deficit equivalent to 7.3 per cent of gross domestic product. It is falling in 1994-95, but only slowly. Moreover, the burden of interest payments is rising - from 39 per cent of revenues in 1990-91 to 53 per cent in 1993-94, according to the RBL.

Mr Rao has called his economic policy a middle way, but in some government circles it has become known as the muddle way. In an effort to steer a course between a free-market economy and maintaining a large public sector, he seems to have lost his sense of urgency.

# Europe in the Pacific century

The west must show greater sensitivity in its dealings with east Asia argues Bruce Clark

**V**ancouver seems an ideal place to await the Pacific era in a spirit of optimism: a city of breathtaking ocean views and burgeoning Asian communities, where Chinese calligraphers play hockey and speak purring Canadian accents.

While the city may be forging an Asian-North American future with Confucian serenity, the scholars and policymakers who gathered there a week ago for a conference of the International Institute of Strategic Studies were not.

Amid well-rehearsed observations on the rising economic importance of trans-Pacific links, the conference heard some rather more disturbing ideas.

In their most extreme form, they spelt out a 21st century vision of Europe relegated to an exhausted backwater and America forced to seek partners on Asian terms.

The economic case for the Pacific century is impressive. Last year, trans-Pacific trade amounted to \$300bn, exceeding trade across the Atlantic by 50 per cent. In five years, the ratio could be 2 to 1 in the larger ocean's favour.

its colonial past, protectionism and old-world snobishness, the old continent faced a newer challenge: it was hostile to Moslems.

As the conference was reminded, the mainly Moslem nations of Malaysia and Indonesia are highly sensitive to Europe's attitudes to Islam. "There is a perception in south-east Asia that Europe is hostile towards Islam," said a Singapore-based analyst of the region. "There has been little effort to put rest Moslems' concerns that they are viewed as a threat to Christian civilisation."

Western Europe was attacked for its faint-heartedness over Bosnia, its reluctance to admit Turkey to the European Union, and complicity in the suppression of Islamic forces in Algeria.

Similarly, America's swing from lofty interventionism to pure mercantilism in ties with east Asia was seen as a sign of "open-mindedness" and "flexibility" - a welcome reminder of America's freedom from the arrogance of Europe's former colonial powers, said one senior south-east Asian official.

Europe, by contrast, was in bed odour all round. Chided as usual for

not lia in trying to please everyone.

Europe will not convert the fundamentalists of Algeria into partners and soul-mates by embracing them unconditionally; nor can it be sure of gaining merit in the eyes of south-east Asian, or other Moslems, by greater involvement in Bosnia.

It is easy to imagine a scenario in which scores of British or French troops die in an unequal struggle to defend Bosnia's Moslem enclaves - and western embassies, from Ankara to Jakarta, are still surrounded by demonstrators denouncing the treachery of Christendom.

But there are surely some lessons for Europeans to draw from the brick-bats flying in Vancouver's bracing sea breeze.

Europeans must be more sensitive, in dealings with east Asia, to anti-colonial sentiment that is nearer the surface than most Britons, French or Dutchmen guess. Forgetting is easier for the coloniser than the colonised.

Europeans also need to be absolu-

tely clear, with themselves and others, about the limits of their influence: their ability to right wrongs and tilt regional balances.

One of the most palpable legacies of colonialism in Europe is the instinctive tendency of many people to regard all the problems of the world, from Santiago to Cape Town to Sarajevo, as well within their own capacity to solve. Ironically, this imperialist mentality has a strong grip on the political left - both in Europe and the US.

Whenever western Europe exaggerates its influence over the internal or external policies of third countries, it risks losing out both ways: lacking real influence but still seen as a handy scapegoat.

That does not mean that either Europe or America should make a headlong rush from interventionism to pure commercialism. There are still important "policing" tasks for the west, as elsewhere - particularly in arms proliferation. But in future they will have to be carried out in partnership with the rising nations of the east, and with due regard to their sensitivities.

## OBSERVER

### Haitian overture

**I**nvention in Haiti? Been there, done that. President Clinton has asked Poland to send along a few armed policemen to help win back Port au Prince's finest. Trouble is, they've been there before. And it's trouble, too.

Today the Polish cabinet considers Clinton's invitation, aware that a previous Polish intervention - as part of an 1802 Napoleonic task force, whose mission was to defeat a slave rising led by François Toussaint L'Ouverture - ended in tears. Many of the 6,000 Polish troops who passed through the island died of yellow fever, still others decimated the slaves had a point, and joined forces.

Armed 500 settled for good, and Polish surnames and Slavic complexions are sprinkled across some Haitian villages, where catholicism remains strong.

Ethnographers say some Polish names remain in use, while several hymn tunes are recognisably Polish in origin.

A mere 500 returned from the Caribbean in the aftermath of a tragic episode, which taught Poles that the alliance with Napoleon - designed to win them their freedom - could lead to quite the opposite for others.

President Lech Wałęsa, keen to join Nato, backs Clinton's request



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# FINANCIAL TIMES COMPANIES & MARKETS

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Monday September 19 1994

## MARKETS THIS WEEK

### PETER NORMAN: ECONOMIC NOTEBOOK

The decision by Mr Kenneth Clarke, the chancellor, to raise bank base rates by half a percentage point last week has naturally prompted fears of further interest rate increases. Memories of the savage doubling of UK base rates to 15 per cent in the 18 months to October 1989 are still relatively fresh. Page 22

### GERARD BAKER: GLOBAL INVESTOR

Even as the US puts the finishing touches to its latest Caribbean adventure this week, it will take another step nearer the brink with a rather more powerful adversary. No lives are at risk in the trade conflict between the US and Japan, but the implications for world currency markets are far-reaching. Page 22

### BONDS:

Amid the bloodbath in the world's bond markets this year, one area of the eurobond market, the floating-rate note sector, has thrived. With the move upwards in European short-term interest rates only just beginning, FRNs look set to remain in vogue. Page 24

### EQUITIES:

UK analysts are facing the question they have been skating around all summer: will economic recovery, in the shape of higher company earnings and dividends triumph over higher base rates to keep the market moving ahead? Meanwhile Wall Street is entering a relatively quiet period. Page 25

### EMERGING MARKETS:

Foreign investors wanting to enter the Seoul bourse could only watch in frustration last week as the general share index reached its historical high of 1023.61 on Saturday. Page 23

### CURRENCIES:

Markets will this week continue their long running dollar vigil, but this time it will be politics as well as economics occupying their thoughts. Page 23

### COMMODITIES:

Rumours have been emerging from Bangkok, where the Association of Tin Producing Countries is holding a ministerial meeting today and tomorrow, that the producers are ready to abandon the export quota system which they had hoped would reduce global stocks and boost prices. Page 22

### UK COMPANIES:

Firtron Comtek, a UK manufacturer of components for the mobile telecommunications industry, is coming to the stock market next month in a move expected to produce a market capitalisation of £60m. Page 20

### INTERNATIONAL COMPANIES:

Apple Computer is today expected to unveil plans to license its Macintosh software to other manufacturers, for the first time allowing them to produce Macintosh "clones". Page 21

### STATISTICS

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## SA bank plans syndicated loan

By Graham Bowley

A South African bank is to launch the first syndicated loan by a South African company since 1985, marking an important step in the country's return to international capital markets after its first all-race elections in May.

Rand Merchant Bank, one of

investment banks, is to borrow \$50m from a syndicate of international banks within the next two weeks, according to Citibank, the US bank which is arranging the deal.

Although the amount is relatively small, larger deals are likely to follow. Gencor, the South African mining company, is expected to come to the syndicated loans market at the end of

this year with a seven-year \$327.5m loan to help finance the company's acquisition of Shell's Billiton metals and minerals business.

These loans are emerging as South Africa seeks a debt rating from the international rating agencies, and follow the completion in July of the first global offering of convertible bonds by a South African company, a \$300m

deal for Liberty Life, the country's largest life insurance company. South Africa plans to tap the international bond market, when it has acquired a rating.

Many international banks are keen to lend to South Africa which is viewed as a high growth area but which has been largely closed as a result of sanctions.

In a syndicated loan, one or

two banks arrange a transaction and parcel out portions of the loan in order to share the risk.

Citibank, which is in the process of sounding out interest among other banks, said the loan will have a final maturity of one year with individual drawings maturing in 90 to 180 days. It said

European banks are expected to be the main participants but also reported strong interest from the Middle East.

**Deborah Hargreaves explains UK farmers' efforts to escape from a deep trough**

## Too many little piggies come to market

**M**ost pigs to be slaughtered in the UK this week will be sold at a loss of about £2.40 (\$5.30) per animal as the pig industry remains in the deep trough of a year-old recession. Even for an industry used to the ups and downs of the production cycle, the latest downturn has hit producers hard.

Pig farming is not cushioned by subsidies under the Common Agricultural Policy, unlike most other sectors of European agriculture, which means producers must rely on the vagaries of the free market. This has seen farmers losing up to 5% on every pig sold when prices dropped to an all-time low last October.

The severity of the recent downturn has pushed many individual producers out of business and forced companies to rethink their commitment to pig farming.

Dalgety, the food and agribusiness company, which last week pointed to the slump in the European market as a dampener on its annual profits, says it will leave pig farming altogether within the next year.

Pig producers have been operating below break-even for most of the past year except for a brief respite in May when prices rose above the cost of production for four to six weeks. Pigs operate in a typical farm commodity cycle whereby high prices encourage over-production which leads to a slump in the market.

But the National Farmers' Union complains that the pig cycle - the period between the peaks and troughs in price - used to take five years, but has recently

speeded up to two. Added to that, the current downturn has lasted longer than usual.

There are a number of factors behind the recent decline. It started in 1991 with the re-unification of Germany when up to 60 per cent of the former East Germany's swine herd was culled - a factor which depressed pork prices across the European Union. After that, reform of the CAP in 1992 with its planned cuts in cereals prices, encouraged many arable farmers to re-direct some of their farming effort into pigs. Dalgety also offered state aids to some pig producers as a way of ensuring they stayed in production.

**T**hose payments have since been condemned by the European Commission, which called on the producers to repay subsidies received. But these factors in the EU market led to 4 per cent oversupply or 700,000 tonnes of pork last year.

"We've been reducing our involvement in pigs on the feeding side over the past three years. We've now got only 30 per cent of the sows we did have," said Mr Mick Hazzledine, general manager of Dalgety's livestock division. He predicts Dalgety will have disposed of its remaining

pig schemes within a year.

Dalgety will stay in the high-tech business of selling breeding stock through its Pig Improvement Company subsidiary.

Others are cutting back or getting out. Unigate, the dairy company, sold its remaining 6,500 pigs last month, and Daisy Hill Pigs, part of the Usborne animal group, is to cut its number of sows from 15,500 to 9,000.

BOCM Pauls, the agribusiness unit of Harrisons and Crosfield, is bucking the trend and actually expanding its involvement in pigs even though Mr George Paul, chief executive, says the company lost £2m on this business over the past year.

"We called some consultants in to have a very critical look at our business earlier this year," Mr Paul said. "They concluded that the UK does not have any inherent disadvantages in pig production compared with its European competitors and that our business is one of the most efficient in the sector. That's why we decided to expand - an upturn has got to come sooner or later."

BOCM Pauls runs the biggest pig production unit in the country as a joint venture with J. Sainsbury, the supermarket group. Breckland Farms in Norfolk produces 3,000 pigs a week.

The company also has pigs of its own which farmers look after for a fee. As part of its expansion plans, it has taken on pigs from the Melton Bacon factory owned by Unigate and the pig

operations of Louis Dreyfuss, a grain trading company.

These pigs are raised on farms to which BOCM supplies the feed and then pays farmers a fee for caring for them as well as a bonus for good performance. While farmers are guaranteed a steady income, the feed company has to absorb the profit and loss on the sale of the pigs.

Agribusines companies have traditionally been involved in pig production as a way of securing outlets for their feed. But Mr Hazzledine says that farmers

sometimes see them as competitors and blame them for distortions in the market. They are willing to absorb losses for longer than individual farmers which can distort free market signals.

This could be one reason for the slowness of prices to bounce back from recent lows. The Meat and Livestock Commission, the UK industry's promotional organisation, reports last week's price at 99.6p per kg of dead weight. But the industry's benchmark for breaking even is generally put at 105p per kg which means farmers are still losing money.

The European herd has contracted this year, but supply remains higher than static levels of consumption and prices are recovering only gradually.

## Healthcare deals top \$18bn in first half

By Daniel Green

More than \$18bn changed hands in mergers and acquisitions in the healthcare industry in the first six months of 1994 and deal-making is continuing at a fast pace, according to KPMG Peat Marwick, the management consultancy.

Deals worth \$18.4bn were completed in the first half of 1994. At least another \$18.6bn worth of bids and deals have already been struck in the second half of the year.

"The entire US healthcare system is being turned upside down," said Mr Robert Esposito, US national director of KPMG's biotechnology and life sciences practice. "New legislation is being stalled in Congress but the healthcare industry is restructuring itself ready for a new environment."

Of the 37 mergers and acquisitions in the first half, all but seven involved US companies.

The two biggest deals were American Home Products' bid of almost \$10bn for American Cyanamid and Roche of Switzerland's Syntex.

Two deals were vertical integrations - unusual for the drugs industry - as Eli Lilly of the US and SmithKline Beecham of the UK bought drug distributors PCS and Diversified Pharmaceutical Services respectively.

The busiest company was SmithKline which has concluded three deals - two as buyer, one as seller - worth a total of \$6.2bn.

Only one of the ten deals the merger of Akzo of the Netherlands and Nobel Industries of Sweden, was wholly non-US.

Mr Esposito argues that the deal-making will continue as drug companies struggle to maintain revenues. As well as healthcare legislation, they face patent expiries - drugs with annual revenues of \$20bn a year will lose US patent protection over the next decade.

Many drug companies are turning to the biotechnology sector, rich in research possibilities but in need of funding, to complement their own research programmes.

KPMG recorded more than 200 new alliances established between drug companies and biotechnology companies in the first half of the year.

Hungarian privatisation. Page 17

Top ten deals, Page 17

## This week: Company news

### CREDIT LYONNAIS

## More losses expected at troubled bank

Crédit Lyonnais, France's state-owned bank, is expected to report another large loss when it announces its first half results on Thursday, with earnings depressed by the general fall in credit demand in France and weighed down by continued bad loan provisions.

Its chairman, Mr Jean Peyrelade, had earlier predicted that the banking group, which recorded a 1993 net loss of FF1.6bn (\$1.28bn) after FF17.8bn worth of provisions, would break even in the second half of this year and return to profit in 1995.

But the group has taken longer to clean up its balance sheet than it expected, and though it has not uncovered any major new problems, it is likely to have to make further provisions for doubtful loans and investments by its Althus and SDBO subsidiaries.

As a result, analysts expect a first half net loss well above the FF1.05bn loss reported for the same period of 1993.

Pechiney, the French aluminium and packaging group, will announce its interim results today. Despite improved economic conditions and higher aluminium prices, industry analysts are cautious about the prospects for increased earnings.

The state-owned group, which is marked down for privatisation, suffered a net loss of FF1.98bn (\$1.28m) in 1993.

Michelin, the French tyre-making company, will announce first half results tomorrow which will reveal the extent of recovery at the group.

Last year, Michelin suffered net losses of FF3.87bn, reflecting the impact of restructuring costs and the depressed state of the European automobile industry. This year, most analysts are expecting a sharp recovery as the benefits of recovery feed through.

### GUINNESS

## World Cup surge is good for profits

The luck of the Irish football team in the World Cup is thought to have been good for Guinness, the spirits and brewing group which reports its interim results on Thursday. Sales of the famous stout surged on both sides of the Atlantic as fans drank in celebration of Ireland's progress to the last 16 teams. Guinness, which sponsored the Irish team, became the fastest growing imported beer in the US.

The City is expecting pre-tax profits for the six months to the end of June to come in around £300m (\$496m) compared with a restated £205m previously. Mr Tony Greener, who took over as chairman at the beginning of last year, warned at the annual general meeting in May that there was no sign of generally improved market conditions, but he did forecast modest profit growth for the half year.

Operating profits from brewing, which last year contributed £98m, are expected to rise, lifted by higher sales in Ireland and Malaysia.

However, Guinness makes the bulk of its profits in the spirits market, where it sells dozens of brands. Conditions have been tough as recession has hit the group's big markets in the US, UK, and Japan. Operating profits are expected to be flat, but there are signs of a recovery in volumes in the UK, while the group is gaining market share in the US.

### OTHER COMPANIES

## Bonds may hinder Olivetti's progress

Half-year results of Olivetti, the Italian computer group, are keenly awaited on Thursday, following two to three weeks of severe pressure on the company's share price. Analysts expect the company to break even at operating level, but Olivetti has already admitted it will be forced to take an extraordinary loss on its share and bond portfolio, which it is believed could top L100bn (£64.10m).

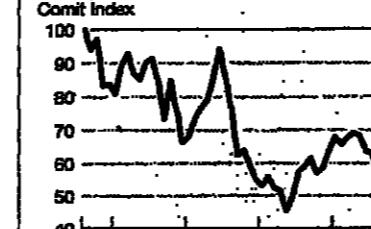
■ Coles Myers: Shareholders in Coles Myers, one of Australia's largest retailers, will vote today on the proposed buy-back of a 21.45 per cent stake in the company held by Kmart, the big US discount and specialty store operator. Coles plans to acquire 12.2m shares, or just under 10 per cent, of its stock directly for A\$557m (\$431.6m), and cancel them. It is also seeking approval to acquire a Kmart subsidiary which owns the remaining stock for A\$672m.

■ Pechiney: The French aluminium and packaging group will announce its interim results today. Despite improved economic conditions and higher aluminium prices, industry analysts are cautious about the prospects for increased earnings.

■ Swissair: The largely privatised Swiss national carrier was much maligned by investors last year as it stumbled towards finding a strategy for future survival in a new non-life

### Olivetti

## Share price relative to the Comit Index



environment. Reports of improved traffic and revenues in recent months have raised hopes that it has finally found its way and that this will be reflected in its interim results, due tomorrow.

■ Bertelsmann: One of the world's largest media groups, and still privately owned, presents its annual results tomorrow, having forecast that turnover will rise by 6 per cent to over DM19bn (\$11.4bn). The Gütersloh-based group seems to have put the Vox debacle behind it and has been focusing on a new pay-TV venture.

■ Generali: Italy's biggest insurance company will announce parent company results on Thursday for the first half of the year. The full effect of liberalisation in the Italian motor insurance market will not be felt until the second half, but the company is expected to show a rise in non-life premium income of some 10 per cent.

### Companies in this issue

Alco	19	Env

## COMPANIES AND FINANCE

# Likely £60m tag for Filtronic Comtek

By Christopher Price

Filtronic Comtek, a manufacturer of components for the mobile telecommunications industry, is coming to the stock market next month with an expected market capitalisation of £60m.

The float will be made through a placing to US and UK institutions, which is expected to raise £25m. Of this, £15m will be new money.

Formed in 1977, the company worked principally in the defence electronic business, moving to work full-time on its telecoms developments with the rapid expansion of the mobile market in the late 1980s.

As the number of telecoms systems and users has grown, base stations, through which a mobile telephone connects to a

telephone system, have had to cope with an increasing number and variety of signals.

Filters used in the combining and separating of the signals are an integral part of the base station. Filtronic also supplies subsystems which combine filters and other electronic components to enhance a base station's capabilities.

Sales have grown from £1.2m in 1992 to £10.22m in the year to May 31 1994, during which pre-tax profits have increased 10-fold to £1.1m. Pannure Gordon, the company's broker, is forecasting profits for the coming year of between £3.2m and £3.5m.

Professor David Rhodes, executive chairman said: "We are the first equipment supplier in the telecoms industry to go public, giving investors the opportunity to become

directly involved in one of the fastest expanding industries."

He pointed to industry research forecasting the number of mobile subscribers worldwide rising from 30m in 1994 to 125m in 2000.

The company's development has been funded through borrowings and venture capital, most of which will be repaid following the flotation. Between £5m and £6m has been earmarked to expand production facilities in Yorkshire, Glasgow, Maryland and New Hampshire.

Prof Rhodes said the company wanted to increase its share of the fast-growing south-east Asian market.

The company supplies most of the leading telecoms manufacturers in the world, and has replaced AT&T's in-house filter production facility.

## Enviromed makes £7.4m buy

Enviromed, the biotechnology group, has bought F&H Baxter (Holdings), a dental equipment and supplies company, for £7.42m.

Enviromed also proposes to raise £2.7m by the placing and open offer of 3.6m 8 per cent convertible redeemable preference shares at 100p. The shares are being offered to existing shareholders on the basis of two for every 13 ordinary shares.

The acquisition will be satisfied as to £2.1m by the issue of 1.7m ordinary shares, £3.72m in variable rate guaranteed unsecured loan notes, and £1.6m in cash. Of the cash consideration, £1.38m will be deferred until the Inland Revenue agrees to offset Baxter's advance corporation tax liability arising before September 1994 against mainstream corporation tax.

Turnover for Baxter for the year ended August 31, 1993 was £19.1m (£18.2m) for pre-tax profits of £2.3m (£1.59m).

## Flotation for Ind Brit Healthcare

By David Blackwell

Independent British Healthcare, which has 17 hospitals spread between Stirling in the north and Tunbridge Wells in the south, is coming to the market early next month.

The group, which is expected to have a market capitalisation of about £45m, will be raising approximately £30m of new money through a placing. Earlier this year the five companies were merged into one group.

There are now 2,400 shareholders, many of them doctors. The two founders each own 11.5 per cent of the equity. Mr Chadwick is not selling any shares, and expects to have about 6 per cent after flotation.

Mr Lyons is selling two-thirds of his stake.

Pre-tax profits for the year ending September are expected to be about £2.2m after paying £2m of interest. The group will pay no tax because of accrued capital allowances.

Besson Gregory is both sponsor and broker to the issue.

into the initial venture, which lost £45,000 in the first year, but made £140,000 on turnover of £725,000 in the second year.

Mr Chadwick and his co-founder Mr John Lyons, a chartered surveyor, continued to expand, setting up three companies under the Business Expansion Scheme and two with institutional money. Earlier this year the five companies were merged into one group.

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Embassy Property, the development and investment group, has received an approach from John I Jacobs, the transportation company.

Mr Kingshott was appointed managing director of Jacobs after a boardroom shake-up earlier this year.

## NatPower goes to law over US deal

By Michael Smith

National Power, the electricity company, has filed a law suit against Transco Energy of Houston, a gas trading company, in a dispute arising from a \$150m (£97m) deal between the two companies last year.

It says Transco "materially misstated" the value of Tren-Fuels, a fuel services subsidiary of the Tevco power stations company bought by National Power in the deal.

Tren-Fuels was valued at \$17m to \$25m at the time of the purchase in June last year, according to the law suit.

National Power said it invested another \$6m in Tren-Fuels. But when it hired an investment banking company to sell the subsidiary, the highest offer was \$1,000, according to the suit.

Under the agreement, Transco is obliged to refund a portion of the Tevco purchase price if National Power sells Tren-Fuels for a loss within five years.

National Power accuses Tren-Fuels of violating federal and state securities laws.

It acknowledges in the suit that Transco has accused it of failing to spend enough effort in trying to sell Tren-Fuels.

National Power said yesterday that it hoped to reach a settlement with Transco. It did not feel the dispute was material in the context of its US business.

## Embassy Prop in talks with John I Jacobs

By Richard Wolfe

Embassy Property, the development and investment group, has received an approach from John I Jacobs, the transportation company.

Mr Kingshott, non-executive chairman of Embassy and managing director of Jacobs, would take no part in reviewing the approach, Embassy said.

Embassy Property, the development and investment group, has received an approach from John I Jacobs, the transportation company.

Mr Kingshott was appointed managing director of Jacobs after a boardroom shake-up earlier this year.

## Lloyd's trust seeks funds from HK

By Richard Lapper

Investors in Hong Kong are being targeted by the backers of a new corporate capital scheme for the Lloyd's insurance market.

Venton Underwriting Agencies said on Friday that it was aiming to persuade both wealthy individuals and institutions in Hong Kong, as well as investors from Bermuda and the UK, to provide some £25m in capital for a new Lloyd's investment company, originally announced last month.

Meanwhile, a planned venture involving JIB Group, an insurance broker in which the Hong Kong-based conglomerate Jardine Matheson owns a

minority stake, could also look to east Asia for support. JIB and Swiss Bank Corporation have jointly formed Jardine Lloyd's Advisers, which will advise Lloyd's members.

Its founders are understood to be looking to raise between £25m and £50m for the investment trust, which would support a range of syndicates at Lloyd's. The market raised some £300m for a range of corporate capital vehicles last year, with UK institutions providing the bulk of the money.

This year interest in the UK has declined. Some agencies are looking further afield.

Venton, which is working with Bermuda's Butterfield Securities on its deal, is offering investors 100 shares in the new company for only 20p, the balance of capital required being supplied in the form of a letter of credit or other collateral.

"The capital structure... offers an exceptionally advantageous gearing ratio on the actual cash amount subscribed whilst retaining the benefits of limited liability," said the group.

The venture, still subject to Lloyd's approval, aims to supply capital only to one of a number of so-called "dedicated" funds being developed at the market.

Most of the money raised last year supports a series of

stock market listed investment trusts, which support a range of agencies and syndicates.

Venton said it had no immediate plans to seek a stock market listing for Venton Underwriting Group, and would raise the money through a private placement. Prior to any listing Butterfield Securities will provide a matched bargain facility for the shares.

Mr Jeremy Venton, senior underwriter, said he saw corporate capital as a more reliable long-term source of funds than the individual names.

Venton plans to increase capacity - the amount of premiums its syndicates can underwrite - from £127m in 1994 to £185m in 1995.

## Tiphook 'unaffected' by bankruptcy moves

By David Blackwell

Tiphook, the transport leasing group, yesterday confirmed to insist that it was unaffected by the bankruptcy proceedings against Mr Robert Montague, its founder and chief executive.

The Royal Bank of Scotland has issued a bankruptcy petition over a £2.3m loan to Mr Montague. Reports at the weekend suggested that he has debts of about £30m.

Mr Montague has considerable assets, including a large estate in Oxfordshire and

a home in Knightsbridge. However, his shareholding in Tiphook, once worth more than £18m, is now worth about £1m.

The Royal Bank of Scotland is understood to be linked to the farming businesses in Oxfordshire. Changes in the terms of the loan are thought to have been under negotiation for some time.

News of the bankruptcy proceedings emerged at last Thursday's annual meeting and took Mr Montague and the board by surprise. The group's bankers and Mr Ian Clubb, its newly appointed chairman,

are continuing to support Mr Montague.

If he were to be declared bankrupt, he would have to step down from the board, which has decided that he is key to the group's survival.

The directors were clearly shocked at the circumstances of the bankruptcy revelations by a shareholder representative at the AGM, where Mr Montague was already under attack over his remuneration. However, sources close to Tiphook remain adamant that he will survive this latest indignity.

## NEWS DIGEST

## OIS decline in line with warning

In line with a warning in July OIS International inspection reported pre-tax profits of £260,000 for the first half of 1994, against £1.44m.

Mr James Mayne, chairman, said action had been taken to cut costs.

The shares lost 4p to 254p, compared with a fall of 18p to 36p following the warning and a price of 50p at flotation at the end of 1992.

Turnover for the testing company fell from £22.2m to £19.6m. Earnings per share came out at 0.2p (3.3p) and the interim dividend is 0.15p (0.7p).

Conrad continues recovery with £0.1m

Conrad, the Manchester-based sports, leisure and consultancy company, continued the recovery seen at the half year and for the 12 months to end-June achieved pre-tax profits of £100,230 compared with losses of £1.48m.

Mr Rodney Walker, the chairman, said that with all subsidiaries now operating profitably the intention was to grow both organically and by acquisition in each area.

Turnover jumped to £5.3m (£770,000) with £328,000 from acquisitions. Earnings per share were 0.15p (3.2p losses).

## Capital and Regional buys shopping centre

Capital and Regional Properties, in conjunction with Easter Management Group, has acquired the Eldon Garden Shopping Centre in Newcastle upon Tyne for £28.6m from Greycoat.

Net assets advanced at Primadoma

Net asset value for Primadoma, the investment trust, advanced from 241p to 254p over the 12 months to June 30.

As confidence returned to the housing market, the house-

## CROSS BORDER M&amp;A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Bayer (Germany)	Unit of Sterling Winthrop (US)	Pharmaceuticals	£249m	Swift sale by Smithkline Beecham
American Express (US)	Unit of Thomas Cook (UK/Germany)	Travel services		Further buy on cards
Fortis (UK)	Meridien (France)	Hotels	£227m	Buying off Accor
TAN (UK)	Koblenzschmidt (Germany)	Motor components	£116m	Options on majority stake
Leer Seating (US)	Sepli (Italy)	Motor components	£104m	Flat outsourcing move
EdF (France)	Sydkraft (Sweden)	Electricity	£97m	Strategic 5.5% stake
British Steel (UK)	Avesta Sheffield (UK/Sweden)	Steel	£85m	Stake up to 49.9%
Bank of Nova Scotia (Canada)	Banco Quilmes (Argentina)	Banking	£37m	Taking 25% stake
United Biscuits (UK)	Dalgety Foods Holland (Netherlands)	Food	£21m	Dalgety refocusing
Charles Baynes (UK)	Industrie Macéroux (France)	Engineering	£4.25m	Part of £14m package

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Job Title \_\_\_\_\_ Already use online  Yes  No

Company \_\_\_\_\_

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EMERGING MARKETS: This Week

## The Emerging Investor / John Burton Foreign investors watch Seoul surge

Foreign investors wanting to enter the Seoul bourse could only watch in frustration last week as the general share index reached its historical high of 1023.61 on Saturday.

A 10 per cent ceiling on foreign stock investments in listed companies has largely kept new overseas investors out of the market since the quota was quickly filled for the most attractive shares after the market was opened to foreigners in January 1992.

Ironically, the expectation that the government would soon raise the foreign ownership limit to 12 per cent has caused the recent surge in share prices as domestic investors bought blue-chip stocks in anticipation that they would be raised further once the ceiling is raised and more foreign capital flows into the market.

There is little doubt that there is plenty of pent-up foreign capital waiting to be released into the Korean market. The Seoul bourse 'has great potential because it is undervalued. Korea didn't go ballistic as other Asian markets did last year,' said Mr Gareth Evans, branch manager for Barings Securities in Seoul.

The country's economic fundamentals are also strong, with GNP expected to grow by at least 8 per cent this year because of an export boom aided by a weak Korean currency. Companies reported their best first-half earnings in seven years, with a 70.6 per

cent rise in aggregate net profits for listed companies. Analysts predict that the share index could reach 1,100 by the end of the year.

But there are doubts over whether the government will adhere to its promise to raise the limit to an expected 12 per cent by December and 15 per cent by next June.

The government is worried that more foreign capital inflows will increase inflationary pressure when inflation is already expected to rise above the government's target of 6 per cent for this year. In addition, Korean companies fear that a new influx of foreign capital will cause an appreciation of the Korean won, which would dampen exports.

Raising the foreign ownership ceiling would also contradict the government's current policy of preventing the stock market from overheating. Officials have repeatedly tried to cool down the market this year because of concerns that domestic investors would eventually cash in on their gains and then spend the money, which would contribute to inflation.

During the past week, the government tried to intervene in the market and depress prices by ordering the country's three investment trust companies to sell shares. But this strategy is proving futile since these institutional funds 'have less and less of the blue-chip stocks that are lead-

ing the rally,' said Mr Bruno Leroy, head of Société Générale Strauss Turnbull in Seoul.

Another factor that has supported scepticism about the government's promise about a foreign limit increase is that the pledge was made in June by Mr Hong Hae-hyung, the finance minister, when the market was falling as foreign investors pulled out because of the tensions over the North Korean nuclear dispute.

The government has often floated proposals about a rise in the foreign ceiling to bolster market confidence during weak periods, but then it has fallen silent after share prices gained strength.

Most foreign brokers in Seoul, however, believe that the government this time will stick to its commitment and proceed with a rise in the limit.

'Time is running short for South Korea if it wants to meet its deadline and join the OECD by 1996,' explained Mr Leroy.

Most other Korean companies believed to be qualified for the New York Stock Exchange could be listed as early as next year.

ceiling increase from being completely filled.

There are also doubts as to whether the government will accept the recommendations of an advisory panel on financial liberalisation, which suggested that the foreign ownership ceiling be abolished by 1999. Korea has been extremely reluctant to allow the foreign takeover of its companies and this attitude is unlikely to change.

Meanwhile, foreign investors eager to acquire Korean blue-chip stocks trade on the informal over the counter market, where they must pay premiums ranging from 10 per cent up to 75 per cent.

Another means of acquiring Korean securities is through the overseas issuance of equity-linked convertible bonds. But the ministry of finance has banned Korean corporations from issuing overseas bonds during the fourth quarter because the \$1.25m limit set by the government for such issues this year has already been reached.

An exception to the ban, however, was the government's decision on Friday to allow Pohang Iron and Steel and Korea Electric Power to become the first Korean companies to be listed on New York Stock Exchange as of next month.

Nine other Korean companies believed to be qualified for the New York Stock Exchange could be listed as early as next year.

Philip Gavith

### CURRENCIES

## Concern over dollar surfaces again

Markets will this week continue their long running dollar vigil, but this time it will be politics as well as economics occupying their thoughts.

The latest round of the US-Japan trade talks, and the Haid imbroglio, are coming to a head at the same time. Both hold within them the potential to cause a further sell-off in the dollar.

Some observers fear that Haid, in particular, could do for president Clinton what Iran did for Mr Jimmy Carter. Limited progress with Japan ahead of the September 30 deadline for sanctions would also hurt the dollar.

There are few important statistics to focus on, though the July trade figures

on Tuesday could unsettle the dollar. Friday's strong capacity utilisation figures, however, have only aggravated market fears about inflation, and speculation is sure to rise about the possibility of a further monetary tightening at the September 27 Federal Open Market Committee meeting.

One factor favouring the dollar is that the market has shown much less inclination to sell it in recent weeks.

The dollar will also draw comfort from the relative weakness of the D-Mark over the past week. Analysts expect investors to continue to lighten their D-Mark holdings ahead of the October 16 national elections. This

week the focus will be on Sunday's election in Bavaria.

The key concern will be the performance of Chancellor Kohl's alliance partner, the FDP. If it looks like it might fail to hurdle the 5 per cent barrier to Bundestag representation, further D-Mark sales can be expected.

The latest German M3 figure is also due this week. A good outcome could allow for a further, probably final, cut in interest rates. This could cause further D-Mark weakness.

Three of the principal beneficiaries of D-Mark weakness last week were sterling, the Italian lira and the Swiss franc. The fortunes of the lira are likely

to turn largely on the budget proposals which are expected soon. So too the Spanish peseta; budget details are expected on Friday.

For sterling the outlook is brighter. Not only are the D-Mark and dollar both under pressure, but there is a case that last week's pre-emptive rise in interest rates has changed the psychology of the market, dramatically improving sterling's prospects.

Also in the spotlight will be the Swedish krona following the weekend poll. Markets will be judging whether the new government has adequate resolve to address the country's fiscal problems.

### Strategy

Baring Securities has forecast that the remainder of 1994 and 1995 should see an upturn in emerging markets with institutional funds being switched from south-east Asia to Latin America, Reuter reports.

Barrings remarked that the main propellant of emerging markets strategy was the US economy. If US growth was slow bonds were likely to rally, providing an incentive to invest in south-east Asia. 'But with a strong US economy Latin America historically performs better, pushed along by pressure on commodity prices,' said Barrings. A mediocre performance from the US economy, however, should drive funds to Japan and north-east Asia.

Meanwhile, foreign investors eager to acquire Korean blue-chip stocks trade on the informal over the counter market, where they must pay premiums ranging from 10 per cent up to 75 per cent.

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### News round-up

#### Jakarta

Indonesia's state-owned international telecommunications company, PT Indosat, will offer 35 per cent of its shares to the public in a dual listing in Jakarta and New York next month.

Indosat will list 25 per cent of its shares on the New York Stock Exchange on October 18, and the remaining 10 per cent on the Jakarta Stock Exchange and the Surabaya Stock Exchange on October 19.

The offering is scheduled for October 4 to 11.

#### Pakistan

The international share

offering by Pakistan

Telecommunications, which

closed on Thursday,

was two times oversubscribed.

Robert Fleming, the global

co-ordinator said.

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Philip Gavith

#### Taipei

Foreign institutional investors remitted about \$44m into Taiwan for stock investment in the week ending last Wednesday, AP/DJ reports.

The Securities and Exchange Commission said that with the latest inflow of foreign capital, foreign investors had a total of \$4.4bn in the country since Taiwan opened its stock market to foreign institutions for direct investment in early 1991.

This compared with the calling of \$7.5bn set by the government.

#### Nairobi

The Kenyan administration has said that Kenya Airways, the national carrier, would be privatised this year. No further details were given.

#### Brazil

Volume traded on the São Paulo stock exchange in August was a record \$11.3bn, a daily average of \$492.7m, the exchange said.

Emerging markets coverage appears daily on the World Stock Markets page.

### Baring Securities emerging markets indices

Index	19/9/94	Week on week movement	Month on month movement	Year to date movement
	Actual	Percent	Actual	Percent
World (26)	190.22	+2.07	+1.10	+14.01
Latin America				
Argentina (20)	114.98	-1.03	-0.88	+5.30
Brazil (22)	246.78	+4.06	+1.67	+17.35
Chile (12)	199.82	+1.07	+0.54	+12.34
Mexico (26)	158.81	+2.73	+1.75	+1.74
Peru (16)	784.72	+33.28	+4.43	+81.71
Latin America (96) ....	180.58	+2.34	+1.31	+15.25
Europe				
Greece (13)	85.87	+1.00	+1.16	+2.76
Portugal (16)	121.51	-3.97	-3.16	+8.87
Turkey (20)	75.88	-4.19	-5.23	-18.53
Europe (49) ....	99.72	-2.24	-4.68	-12.51
Asia				
Indonesia (22)	160.85	-1.97	-1.21	+12.62
Korea (23)	157.54	+6.42	+4.25	+25.70
Malaysia (23)	251.80	+0.43	+0.17	+16.62
Pakistan (10)	116.85	+5.53	+4.97	+16.13
Philippines (11)	290.29	+1.01	+0.35	+12.11
Thailand (24)	274.79	+5.12	+1.90	+16.23
Taiwan (30)	180.94	+2.88	+1.62	+10.09
Asia (143) ....	233.67	+2.75	+1.19	+16.73

All indices in 5 terms, January 7th 1992=100. Source: Baring Securities

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## NEW YORK

Frank McGuire

**Brief respite in store for investors**

Wall Street is entering a relatively quiet period, which should allow investors to regain their balance after last week's roller-coaster ride. But analysts expect any respite to be brief, given the uncertainty that is gripping the Treasury market.

With no fresh first-tier economic news due during the next five sessions, share prices are likely to continue a consolidation which began on Friday, when troubling readings on industrial production and capacity utilization sent bonds reeling and stocks back-tracking.

However, it is reasonable to expect less volatility this morning. During the "triple witching" session which closed last week, the monthly expiration of stocks options and futures contracts introduced an extra element of stomach-churning unpredictability to a market already suffering from over-stimulation. The Dow Jones industrial index wobbled to the finish, showing a 20-point decline.

If bonds are setting the direction, stocks have established their own pace. Equity investors were more inclined than their fixed-rate counterparts to turn the other cheek when confronted by the two indications of higher inflation which book-ended the seven-day period ending on Friday.

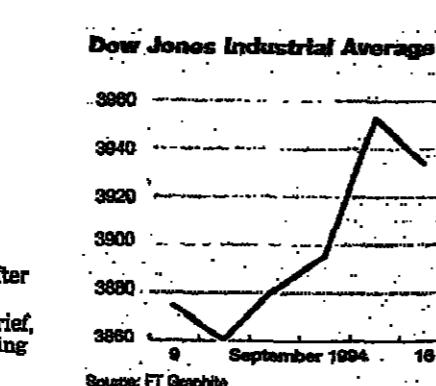
During the middle of the week, when the data painted a rosy picture, stocks reaped a more generous reward than bonds. On Thursday, the bellwether blue-chip index jumped almost 50 points to close within striking distance of its all-time best, set the week before the Federal Reserve began its shift to a policy of tighter credit.

## OTHER MARKETS

## PARIS

Results will continue to drive the market, with first-half figures expected this week from BNP, Michelin, Peugeot and Crédit Lyonnais. UBS also expects indications this week of an attractive price for the partial privatisation of Renault, but warns that international investors risk disappointment.

"Whether it will be to appease unions or to appeal to voters, the majority of the Renault deal is likely to be distributed in France to employees, French institutions and corporates (Elf, BNP, Lagardère) and private investors," the bank says.



## ZURICH

In a week bereft of statements from leading companies, the chemicals and pharmaceuticals sector is likely to remain at the centre of attention after last week's war of words between the analysts.

Roche, the market's flagship stock, was under pressure on Thursday after Goldman Sachs removed it from its European "recommended for purchase" list. Goldman said growth in the pharmaceutical industry had slowed in the first half of 1994 as market forces in the US and healthcare cost reforms in Europe took effect.

Other factors included a reduction in the long-term growth rates for major

divisions, the impact of the Syntax acquisition, disappointing second-quarter sales, the Swiss firm's strength, and a decrease in net cash.

The Roche certificates derived little benefit on Friday when Barclays de Zoete Wedd reiterated its "strong buy" recommendation, citing the company's strong growth. Elsewhere in the sector, UBS has downgraded Sandoz to a "hold", saying that the 2 per cent growth in first-half net profits was below market expectations.

Mercut, the retailer, reports first-half figures on Friday. Mr Frederick Hasslauer at Bank Sal Oppenheim is forecasting a 5 per cent rise in first-half

turnover, the figure depressed by the strength of the Swiss franc, and a 7 per cent increase in net profit.

## BRUSSELS

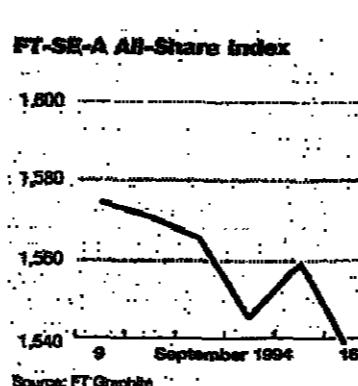
The half-year results season continues with figures on Wednesday from Powerfin, and on Thursday from Kredietbank, Cockerill Samble and Tractebel. Ms Rachael Roache at Kleinwort Benson says that the market is in transition from being driven by interest rates to earnings and rising bond yields are encouraging investors to demand better interim results. She notes that during September, interim figures generally dictate market

performance and believes this year's economic recovery should allow for some pleasant surprises, with better earnings compensating for weak bonds.

Ms Roache sees a favourable outlook for the market in the short term. "In the longer term, the defensive nature of the market bodes well for a return to favour as rising interest rates spark a move out of cyclicals."

At Goldman Sachs, Mr Pierre Stenmann agrees that the market will be increasingly earnings-driven, but says that this will depress the interest rate-sensitive stocks held by banks, insurers and utilities, as rate cuts come to an end. "However, the defensive features of these stocks can

Terry Byland



## International offerings

**Flying start for Pakistan privatisation programme**

The success of Pakistan Telecommunication Corporation's ambitious international offering of 5m vouchers, exchangeable into shares in the future privatised utility, has shown that, despite more difficult market conditions, investors can still get excited about the right sort of deal.

"The one type of deal still capable of surprising us is an emerging market transaction in a promising sector," said one investment banker.

The 5m vouchers were priced on Friday at Rs3,500, raising \$90m for the Pakistani government. The government originally aimed to raise just \$50m, at a price of Rs3,000. When joint lead manager Jardine Fleming came to allocate the transaction on Friday, it was twice oversubscribed.

It had done a domestic offering priced at Rs3,000, knowing that it was a relatively small tranche (less than 2 per cent of the size of the company)," said Mr Naveed Qamar, chairman of Pakistan's privatisation commission.

When the government subsequently decided to sell almost 10 per cent of the company through an international offering, its advisers said it would have to be at the same price.

However, the strong performance of the initial offering soon made it clear that the

deal could be completed on tighter terms, and an initial mandate awarded to UBS was withdrawn.

Jardine Fleming subsequently completed the deal at almost twice the price, winning widespread praise for its handling of the transaction.

One reason for Jardine Fleming's success was the structure of the deal. By making the vouchers available in the form of dollar-denominated global depository receipts, which can be cleared through Euroclear and Cedel, the deal proved attractive to investors who might have been deterred by having to deal with the local currency.

According to an official at Jardine Fleming, around 25 per cent of the deal was placed in the US, 25 per cent in the UK, 25 per cent in the Far East and the remainder with expatriate Pakistani investors, mostly based in the Middle East.

Where there is fat to cut, but at the same time there is an enormous growth potential as the underlying economy grows," said one investment banker.

In the case of PTC, the network is expected to expand by 30 per cent annually, having nearly doubled since 1992. In the past, investors have done well by buying telecom stocks at an early stage in an emerging market's development, for example in the case of Mexico's Telmex.

Tracy Corrigan

contract from the Joint Liaison Group meeting.

The market also took in its stride the delisting of Jardine subsidiaries, which was announced last week along with the results of the three companies Hongkong Land, Mandarin Oriental and Dairy Farm.

Parent Jardine Matheson announces its results today and Jardine Strategic follows tomorrow.

These are likely to yield few surprises as they come after their subsidiaries. This broadly winds up the reporting season, leaving just the property developers to announce their interims.

Compiled by Michael Morgan

## DnB INVESTMENT FUND SICAV à compartiments multiples RC-B27316 NOTICE TO SHAREHOLDERS

## OPENING OF THE COMPARTMENTS DnB INVESTMENT FUND - Global Bonds DnB INVESTMENT FUND - European Equities DnB INVESTMENT FUND - Worldwide

The shareholders of DnB Investment Fund are hereby informed that the compartments DnB Investment Fund - Global Bonds DnB Investment Fund - European Equities DnB Investment Fund - Worldwide are scheduled to be opened on 19th September 1994.

From 19th September 1994 to 14th October 1994, shares may be purchased at the initial price of:

DnB Investment Fund - Global Bonds NOK 10,000

DnB Investment Fund - European Equities NOK 10,000

DnB Investment Fund - Worldwide USD 2,000

plus a commission of 0.25% which reverts to the relevant compartment.

After the 14th October 1994, the shares may be subscribed at a subscription price equal to the net asset value per share increased by sales commissions as determined in the Explanatory Memorandum.

The minimum subscription for shares in any compartment is 5 shares.

Payment for shares purchased during this initial subscription period must be made not later than 19th October 1994.

The latest available Explanatory Memorandum may be obtained from the Registered Office of the Company 2, Boulevard Royal, L-2953 Luxembourg, from the office of: Den norske Bank (Luxembourg) S.A., 64 route de Tivoli, L-2333 Senningen or from the office of Den norske Bank, Knudsenstræde, Postboks 1171, Sentrum, N-0107 Norway.

The Board of Directors

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## LEGAL NOTICES

## THE INSOLVENCY ACT 1986 NORTHAMPTON LIFTING SERVICES LIMITED

NOTICE IS HEREBY GIVEN pursuant to section 46 of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at 10.30am on the 23rd day of September 1994 at the offices of Eversheds, 3 Colmore Row, Birmingham B3 2DE not later than 17.00 hours on the 22nd day of September 1994.

Dated this 2nd day of September 1994

R. PATIS DIRECTOR

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Montreal, September 7, 1994

FT FINANCIAL TIMES Newsletters

## ROYAL BANK OF CANADA

Dividend No. 429

NOTICE IS HEREBY GIVEN THAT a dividend of 29 cents per share upon the paid up Common Shares of this Bank has been declared payable for the current quarter at the Branches and its branches on and after November 24, 1994 to shareholders of record at close of business on October 25, 1994.

By Order of the Board

Jane E. Lawson Senior Vice-President & Secretary

JPMorgan

## Mortgage Securities (No.2) PLC

\$250,000,000

Mortgage Backed Floating rate notes due 2028

For the interest period 15 September 1994 to 15 December 1994 the notes will bear interest at 5.9613% per annum. Interest payable on 15 December 1994 will amount to \$1,495.24 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

## RPS Residential Property Securities No.3 PLC

195,000,000 Class A Notes

Mortgage Backed Floating Rate Notes due 2025

Notes will bear interest at a principal repayment of 10.644 per \$1,000 Note payable to Class A of the Notes on the interest payment date 29 September 1994. The principal amount outstanding on 30th September 1994 will therefore be \$10,704 per Note.

Agent: Morgan Guaranty Trust Company

JPMorgan

## COMPAGNIE FINANCIERE RICHEMONT AG, ZUG RICHEMONT SA, LUXEMBOURG

The annual general meetings of Compagnie Financière Richemont AG, Zug, and Richemont SA, Luxembourg, which were held on 15 September 1994 have resolved that the following dividends be paid to holders of Richemont units:

Gross dividend per unit £6.15 Tuesday, 4 October 1994 Coupon No. 38

The dividend will be paid to unitholders by Richemont SA and represents a dividend of 8.20%, including the preference dividend, on the amount of the reserve established in respect of the participation certificates issued by that company. The dividend is payable free of charges and without deduction of withholding tax.

Coupons may be presented for payment at any branch of the following banks:

Bank J. Vonrotel & Co. AG

Pictet & Cie

Union Bank of Switzerland

Darier, Hentsch & Cie

Anlage- und Kreditbank AKB

19 September 1994

Compagnie Financière Richemont AG

6300 Zug, Switzerland

Richemont SA

Luxembourg

## **WORLD STOCK MARKETS**

INDICES

	Sep 16	Sep 15	Sep 14	High	1994	
					Low	
Argentina General (29/12/77)	2000.12	2037.53	2055.13	2547.48	152	1776.98 204
Australia						
All Ordinaries (1/1/80)	2050.0	2050.8	2050.5	2346.56	32	1857.40 278
All Mining (1/1/80)	1075.2	1076.0	1081.7	1136.18	32	984.88 55
Austria						
Credit Aladin (30/11/84)	404.88	413.23	415.28	460.88	22	388.87 225
Tradeit Index (21/5/81)	1069.07	1120.19	1125.55	1222.28	1/2	1011.38 65
Bulgaria						
SEZD (1/1/91)	1422.95	1422.81	1421.79	1842.85	92	1388.98 137
Brazil						
Bovespa (29/12/83)	5207.0	5267.0	5478.0	55110.00	138	3898.88 371
Canada						
Mosaic Mine (1/1/73)	4230.77	4164.35	4087.43	4230.77	159	3288.88 204
Composite (1/1/73)	4403.90	4355.50	4345.00	4886.50	233	3688.88 243
Portfolio 55 (1/1/83)	2102.16	2080.59	2071.26	2162.58	1/2	1053.17 207
China						
PGA Gen (31/12/80)	4947.4	4970.57	4978.3	4972.40	155	3801.20 44
Denmark						
Copenhagen (25/1/83)	354.75	353.72	364.19	415.78	2/2	352.74 129
Finland						
HEX General (28/12/90)	1903.0	1887.4	1900.5	1972.80	4/2	1861.16 3/1
France						
SBF 250 (31/12/90)	1303.78	1331.10	1321.28	1388.58	2/2	1268.88 4/7
CAC 40 (31/12/90)	1924.98	1977.30	1932.94	2365.88	2/2	1861.16 4/7
Germany						
Athex (31/12/88)	805.82	803.07	808.21	859.27	155	787.81 276
Commerzbank (1/1/83)	14	2285.8	2309.0	2665.58	25	2452.32 276
DAX (30/12/87)	2118.73	2113.08	2124.12	2271.11	185	1988.88 206
Greece						
Atmos (30/1/80)	851.80	841.58	838.04	1194.58	15/1	808.87 255
Hong Kong						
Heng Seng (31/7/84)	998.52	982.84	984.40	12201.08	4/1	8508.84 4/5
India						
SENSEX (1/1/78)	4677.61	4604.15	4689.17	4828.57	12/3	3664.00 5/1
Indonesia						
Jakarta Corp (10/8/82)	825.83	822.03	821.51	812.88	5/1	448.72 127
Ireland						
ISID Overall (4/1/83)	1884.16	1869.41	1885.81	2062.18	20/1	1884.14 1/7
Italy						
Banca Comer Ital (10/72)	876.48	861.34	864.93	817.17	105	858.88 101
ME Group (4/1/89)	1032.0	1027.0	1050.0	1318.00	105	944.00 101
Japan						
Nikkei 225 (10/5/90)	1876.28	18	1881.38	21652.81	13/6	1738.74 4/1
Nikkei 300 (1/1/82)	287.55	288.24	311.71	1356	288.22 4/1	
Topix (4/1/89)	1576.21	13	1583.98	1712.73	13/6	1445.87 4/1
Second Section (4/1/88)	2248.80	13	2283.38	2342.85	8/7	1873.33 4/1
Malta						

- See Sep 10: Taiwan Weighted Price: 5858.82; Korea Comp Ex: 888.82. Base values of all Indices are 100 except: Australia All Ordinary and Mining - 800; Austria Traded, BEL20, HEX Gar., MTS Gen., S&P 500, CAC 40, Euro Top-100, ISEGD Overall; Toronto Corp./Metals & Minerals and DAX - # 1,000; JSE Gold - 205.7; BSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. 55

<sup>†</sup> Correction: \* Calculated at 18.00 GMT. \* Excluding bonds & Industrial, plus Utilities, Financial and Transportation.  
<sup>#</sup> The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each specific security whereas the actual daily highs and lows recorded by Telereport measure the highest and lowest values that the index has reached.

US INDICES

	Sep 15	Sep 15	Sep 14	High	1994		Dow Jones	Sep 15	Sep 13	Sep 14	1994		Since compilation		
					Low						High	Low	High	Low	
Mexico							Industrials	3653.35	3653.05	3655.25	3676.35	3585.25	3676.35	41.22	
PC (Nov 1979)	10	2004.04	2743.15	2881.17	82	1857.35	204					(31/1/95)	(4/95)	(22/22)	
Netherlands							Home Goods	97.05	97.05	97.45	105.81	95.43	105.77	54.05	
CDS TIFReGard (End 83)	433.6	437.2	436.5	464.95	31/1	465.20	21/6					(1/1/95)	(13/95)	(1/10/95)	
CDS All Star (End 83)	273.9	276.1	276.2	284.85	31/1	287.80	21/6	Transport	1580.35	1576.45	1578.25	1602.25	1540.02	1602.25	12.32
New Zealand							Utilities	177.25	178.74	177.70	227.35	178.71	228.45	10.50	
Cap. 40 (1/785)	2111.87	2382.20	2118.04	2438.84	3/2	1945.81	11/7					(31/1/95)	(4/95)	(24/22)	
Norway							DJ Ind. Day's high 2265.22 (2265.25) Low 3584.05 (3584.00) (Actualistic=4)								
Ohio SE (Aug 21/83)	1054.81	1067.45	1062.76	1231.10	29/2	983.91	21/6	Day's high 3583.05 (3584.05) Low 3612.85 (3614.25) (Actualistic=4)							
Philippines							Standard and Poor's								
Media Comp (2/785)	2642.35	2554.45	2563.57	3385.57	4/1	2867.35	93	Composite ♦	471.19	474.81	480.00	482.85	435.92	482.85	4.40
Portugal												(2/2/95)	(4/95)	(18/22)	
STA (1977)	2834.0	2898.3	2901.2	3225.05	16/2	2812.85	20/6	Industrial ♦	557.14	560.83	563.25	565.55	510.05	565.55	3.32
Spain												(1/5/95)	(2/14/95)	(21/22)	

**US INDICES**

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 Supervision Committee; Jersey: Financial Services Department;  
 Luxembourg: Institut National Luxembourgeois.

## CURRENCIES AND MONEY

## POUND SPOT FORWARD AGAINST THE POUND

	Closing mid-point	Change on day	Bid/offer spread	Day's Mid-High-Low	One month	Three months	One year	Bank of England Index
				N/A	N/A	N/A	N/A	
Austria	(Stg)	17,1619	+0.1155	525 - 712	17,1716 18,9703	17,1757	17,1457	0.4
Belgium	(Stg)	50,1778	+0.3203	861 - 494	50,1610 48,8860	50,1328	0.3	49,7925 0.5
Denmark	(DK)	0.9048	+0.0058	0.003 - 0.005	0.9035 0.9035	0.9098	-0.10	0.9075 0.07
Finland	(FIM)	7,7938	+0.0005	889 - 907	7,8110 7,7150	-	-	84.9
France	(FrF)	8,3229	+0.0005	218 - 300	8,3212 8,2370	8,3254	0.1	8,2811 0.25
Germany	(DM)	2,3559	+0.0078	511 - 518	2,4079 2,4346	2,4346	0.2	2,4204 1.4
Greece	(Dr)	370,758	+1,173	329 - 368	370,1020 370,1228	-	-	125.2
Ireland	(I)	1,1620	+0.0027	161 - 169	1,1674 1,1695	1,1695	-0.1	1,1671 1,1628
Italy	(L)	2,462,26	+15,03	171 - 408	2,484,12 2,483,71	2,484,09	-0.2	2,491,18 2,474
Luxembourg	(Lfr)	50,1178	+0.3203	861 - 494	50,1610 48,8860	50,1328	0.4	49,7925 0.5
Netherlands	(NLG)	10,0015	+0,0170	300 - 326	2,7252 2,6993	2,7304	0.4	2,7272 0.5
Norway	(NOK)	10,0000	+0.0008	788 - 802	10,0745 10,0894	10,0894	-0.1	10,0879 0.0
Portugal	(PE)	248,015	+1,178	818 - 812	248,240 245,397	248,745	-0.4	242,222 - 7.8
Spain	(ES)	22,2008	+0.0008	432 - 432	202,048 189,985	202,714	-2.2	203,444 - 2.0
Sweden	(SEK)	11,7628	+0,0457	529 - 529	11,7377 11,7181	11,7181	-0.3	11,7207 11,7207
Switzerland	(SFR)	2,0212	+0,0196	198 - 221	2,0261 2,0210	2,0181	-1.5	2,0218 1,9774
UK	(£)	1,2782	+0,0071	772 - 791	1,2782 1,2871	1,2788	-0.3	1,2797 1,2599
US	-	0,035495	-	-	-	-	-	-
SFr	-	-	-	-	-	-	-	-
Americas	(Peso)	1,5883	+0,0028	827 - 838	1,5842 1,5814	-	-	-
Brazil	(Br)	1,3529	+0,0175	535 - 579	1,3591 1,3595	-	-	-
Canada	(C\$)	2,1932	+0,0222	382 - 402	2,1406 2,1308	2,1307	0.2	2,1301 0.1
USA (New Peso)	(\$)	5,3817	+0,0446	760 - 673	5,3880 5,3031	5,3603	0.5	5,3915 1,5870
Pacific/Middle East/Africa	(A\$)	1,5840	+0,0285	855 - 845	1,5870 1,5822	-	-	-
Australia	(AU\$)	2,1292	+0,0088	275 - 308	2,1510 2,1405	2,1291	0.0	2,1303 - 0.2
Hong Kong	(HK\$)	12,2298	+0,1685	540 - 449	12,2444 12,2427	12,2357	0.2	12,2347 1,2247
India	(INR)	46,6881	+0,8372	704 - 705	46,7080 46,1404	-	-	-
Malaysia	(RM)	156,5688	+1,255	497 - 675	156,739 156,850	156,216	2.8	155,518 320,100
New Zealand	(NZ\$)	4,2515	+0,0158	454 - 465	4,0501 3,9393	-	-	-
Philippines	(Peso)	41,0258	+0,4017	41,478 41,478	41,478 41,478	2,6245	-0.2	2,6236 - 1.3
Saudi Arabia	(Stg)	5,8407	+0,0785	395 - 429	5,8453 5,8593	-	-	-
Singapore	(\$)	2,3491	+0,0221	475 - 506	2,3126 2,3105	-	-	-
S Africa (P)	(R)	6,6622	+0,0065	222 - 261	5,8333 5,8549	-	-	-
South Korea	(Won)	1,2867	+0,1858	955 - 968	1,2865 1,2837	-	-	-
Taiwan	(NT\$)	41,5289	+0,1820	130 - 149	41,5289 41,42408	-	-	-
Thailand	(Baht)	30,5287	+0,4867	601 - 570	30,5602 30,5240	-	-	-

1994 rates for Sep 10. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US dollars. J.P. Morgan nominal rates for 15 days average 1990-1994.

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

	BPY	Dkr	FFr	DM	£	L	Fr	Nkr	Es	Skk	SEK	E	CS	S	Y	Escu
Belgium	(BPY)	100,18	4,880	2,027	4914	5,449	27,37	4945	4038	23,46	4,026	7,025	2,288	3,180	312,3	2,350
Denmark	(Bkr)	22,19	1,881	3,258	1,226	2,258	2,258	1,226	2,101	2,101	1,226	1,226	1,226	1,226	1,226	1,226
France	(FFr)	80,20	11,53	10	2,226	1,226	2,226	1,226	12,237	12,237	1,226	1,226	1,226	1,226	1,226	1,226
Germany	(DM)	20,57	3,943	3,418	1	0,417	1011	1,121	4,984	107	83,05	4,820	4,011	4,011	4,011	4,011
Ireland	(I)	2,0235	8,453	8,195	2,396	1	2,424	2,624	10,61	244,1	19,1	1,985	1,985	1,985	1,985	1,985
Netherlands	(NLG)	1,0230	0,0338	0,0308	0,041	100	0,111	0,434	10,07	8,141	0,477	0,082	0,082	0,082	0,082	0,082
Spain	(Pta)	4,8888	0,9200	0,9180	0,9200	0,9200	0,9200	0,9200	10,01	9,799	0,9200	0,9200	0,9200	0,9200	0,9200	0,9200
Sweden	(SEK)	42,82	8,167	7,080	2,071	0,884	2,026	2,326	5,278	1,204	1,022	1,204	1,204	1,204	1,204	1,204
UK	(£)	1,2782	0,035495	0,035495	0,035495	0,035495	0,035495	0,035495	5,288	1,227	0,035495	0,035495	0,035495	0,035495	0,035495	0,035495
Canada	(C\$)	23,43	4,490	3,892	1,130	0,475	1,127	1,277	4,093	1,226	0,475	0,475	0,475	0,475	0,475	0,475
US	\$	81,54	0,603	0,559	1,836	0,641	1,855	1,724	6,742	1,554	0,621	0,621	0,621	0,621	0,621	0,621
Japan	(Y)	32,03	0,137	5,320	1,257	0,549	1,764	1,745	9,894	1,203	0,549	0,549	0,549	0,549	0,549	0,549
Ecu	(Ecu)	36,22	7,515	6,515	1,803	0,795	1,827	2,137	8,357	194,1	1,583	0,822	0,822	0,822	0,822	0,822
Danish Krone, French Franc, Norwegian Krone, and Swedish Kroner per 10; Belgian Franc, Yen, Escu, Lira and Peseta per 100.																

## M-D MARKET FUTURES (DM) DM 125,000 per DM

	Open	Sett price	Change	High	Low	Est.vol	Open Int.
Sep 10,94	0,8445	0,8416	0,0533	0,8445	10,369	60,768	10,369
Sep 10,94	0,8467	0,8467	0,0075	0,8445	10,2428	57,034	10,2428
Sep 10,94	0,8475	0,8475	0,0075	0,8433	10,2428	57,034	10,2428

## II SWISS FRANC FUTURES (





**NEW YORK STOCK EXCHANGE COMPOSITE PRICES**

*4 pm close September 11*

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4 pm close September 16

## NYSE COMPOSITE PRICES

Continued from previous page

Stock	P	S	High	Low	Close	Chg	Stock	P	S	High	Low	Close	Chg
High Low Stock	00	00	00	00	00	00	High Low Stock	00	00	00	00	00	00
Adv Mag	0.45	0.45	0.45	0.45	0.45	-	Nestle	0.25	0.25	0.25	0.25	0.25	-
Alfa Inc	1.11	1.11	1.11	1.11	1.11	-	Health Cr	0.02	0.02	0.02	0.02	0.02	-
Alpha Int	0.69	0.69	0.69	0.69	0.69	-	Ostens	0.24	0.24	0.24	0.24	0.24	-
Am Int	1.04	1.04	1.04	1.04	1.04	-	Perf	0.18	0.18	0.18	0.18	0.18	-
Amplifex	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	1.04	1.04	1.04	1.04	1.04	-
Amplifex A	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex C	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex D	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex E	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex F	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex G	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex H	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex I	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex J	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex K	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex L	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex M	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex N	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex O	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex P	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex Q	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex R	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex S	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex T	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex U	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex V	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex W	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex X	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex Y	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex Z	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex AA	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex BB	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex CC	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex DD	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex EE	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex FF	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex GG	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex HH	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex II	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex JJ	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex KK	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex LL	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex MM	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex NN	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex OO	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex PP	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex QQ	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex RR	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex SS	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex TT	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex UU	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex VV	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex WW	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex XX	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex YY	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex ZZ	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex AA	0.54	0.54	0.54	0.54	0.54	-	Perf H&P	0.88	0.88	0.88	0.88	0.88	-
Amplifex BB</													

## FT GUIDE TO THE WEEK

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MONDAY

## Biological weapons treaty

Government representatives meet in Geneva (to Sep 30) to discuss ways of checking compliance with the United Nations' treaty outlawing biological weapons. The 131-member treaty currently has no system to guard against cheating.

**The Italian government** of Silvio Berlusconi meets union leaders to discuss pension reform. Mr Berlusconi last week postponed a showdown with the powerful trades union movement over proposed cuts in the generous state scheme.

Cutting pension benefits is an essential element in the right-wing coalition's plans to reduce public spending in the 1995 budget.

Angry trades unionists have carried out several protest stoppages, including one at Fiat's Mirafiori plant in Turin.

**European Union** economics and finance ministers meet in Brussels after the summer recess to resume discussions on excessive deficits in member states, convergence programmes, and the white paper on growth, competitiveness and employment. A two-day agriculture council meeting also starts today. Ministers will focus on reform of the wine sector, the future of union policy on fruit and vegetables, and protection of animals transported live.

**John Major**, UK prime minister, leaves Jeddah for Abu Dhabi and then South Africa after talks with Saudi Arabia's King Fahd on Middle East issues and arms deals.

Mr Major arrives in South Africa on Tuesday for the first official visit by a British prime minister since Harold Macmillan's "wind of change" speech in 1960.

Mr Major (left) will see President Mandela and other political leaders, and address an informal joint session of parliament. Behind the scenes, talks will focus on trade, aid, and British participation in the republic's fledgling privatisation programme.

**Art market:** The most important blue diamond ever offered at auction, estimated to fetch \$8m, goes on exhibition at The Regent, in Kuala Lumpur, Malaysia. Sotheby's along with rivals Christie's sees the greatest potential for art market growth in South East Asia, and for the first time is taking to Malaysia some of the jewels it is selling in New York on October 17 and 18, in the hope of attracting bids.

**Holidays:** Chile (Armed Forces Day), Israel (Eve of Sukkot), South Korea, Sri Lanka, Taiwan (Moon Festival).

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TUESDAY

## Japan announces tax cuts

Japan's ruling coalition is to publish a draft tax reform bill, including one-off and permanent income tax cuts. The finance ministry wants a rise in sales tax to fund the hand-outs. But the draft bill may be vague on that controversial subject, because of strong objections by prime minister Tomiichi Murayama's Social Democratic Party.

**The United Nations** begins its 49th General Assembly in New York.

**Pollution:** Budapest hosts an international conference on environmental contamination in central and eastern Europe (to Sep 23). The 300 delegates include representatives of Nato and the US Environmental Protection Agency. They will assess the region and discuss how to measure and reduce air, soil and water contamination.

**Irish prime minister** Albert Reynolds arrives in Canberra, and will brief Paul Keating, his Australian counterpart, on the Northern Ireland peace process. More than a third of Australians claim Irish ancestry – including the prime minister himself – although the demographics are changing with higher levels of Asian immigration.

**UK economy:** Market expectations for August growth of M4, the broad measure of the money supply, are still subdued. Moderate M4 lending, expected to come in at a seasonally adjusted £2.5bn, would give a 0.4 per cent rise on the previous month, leaving the annual growth rate at 4.8 per cent, towards the bottom of the government's 3 per cent to 9 per cent monitoring range.

**Chess:** The Professional Chess Association world championship semi-finals holds its opening ceremony at Linares, Spain (to Oct 6).

Britons Nigel Short and Michael Adams play Gata Kamsky of the US, and the speedy Indian, Viswanathan Anand, respectively. The incentive for success in the 10-game matches is another multi-million-pound challenge to Gary Kasparov. Play starts on Wednesday.

## Headmasters' conference:



Heads of the UK's most prestigious independent mixed and boys schools gather in Bournemouth. In a departure from normal practice, no education minister will address the meeting, but delegates intend to use the three-day conference to finalise an ambitious plan for reforming A-level and GCSE exams.

**Holidays:** Israel (Sukkot), South Korea, Taiwan (Moon Festival).

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WEDNESDAY

## Danish general election

Denmark holds a general election. The four-party centre-left coalition headed by Poul Nyrup Rasmussen, the Social Democratic Party leader, will almost certainly lose its one-seat majority. His main opponent, Liberal Party leader Uffe Elleman-Jensen, hopes for victory, but the odds are on a minority government under Rasmussen.

**France's budget** for 1995, due to be announced today, is expected to be austere. Edouard Balladur's centre-right government intends to cut the deficit from FF730bn (\$56bn) this year to FF725bn, largely by a clampdown on public spending and higher taxes on petrol and local businesses.

**Indonesian trial:** Muchtar Pakpahan, the chairman of the largest independent trade union, SBSI, is due to stand trial in the north Sumatran town of Medan for his involvement in the Medan workers' riots in April. He also faces charges for trying to organise a nation-wide strike in February this year in protest at Indonesian workers' conditions.

**Portugal's parliament** is due to debate constitutional revision, focusing on electoral law and presidential powers, and on adapting the constitution to the process of European integration. Any changes require a two-thirds majority and thus consensus between the centre-right governing party and the opposition Socialists.

## Scottish Nationalist conference:



The party, which fights for Scotland's independence and is led by Alex Salmond MP (left), begins its annual conference in Inverness (to Sep 24). It took a record 32.6 per cent of the Scottish vote in June's European elections and gained a second seat at Strasbourg.

## UK economy:

August's non-EU trade balance will be scrutinised for continuing signs of improvement. Exporters' expectations are rising, while the slowdown in consumer spending indicated by last week's retail sales figures should pinch imports. If, as expected, the trade deficit is about £500m, the average for the past three months will be lower than the £530m average for the previous three.

**Alzheimer's Disease:** The 10th international conference on senile dementia opens in Edinburgh on the first World Alzheimer's Day (to Sep 23).

**FT Survey:** International Equities and Logistics.

**Holidays:** Hong Kong, Israel (Week of Sukkot), Malta (Independence Day), South Korea.



Shooting himself in the foot? President Clinton's navy is poised to restore democracy by force in Haiti if last-minute talks fail

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THURSDAY

## Uruguay ratification urged

Members of the preparatory committee for the World Trade Organisation, meeting in Geneva, are expected to criticise the US, the European Union and Japan for dragging their heels on ratifying the Uruguay Round trade accords. These include establishment of the WTO itself, and are supposed to come into force next January.

**Telecommunications** ministers from five countries meet in Kyoto, Japan, to discuss creating a global information network using optical fibre and how it could help reduce the technology gap between rich nations and the developing world.

**EU-ASEAN** foreign ministers hold their two-yearly meeting in Karlsruhe (to Sep 23). Once again, the EU will seek to open up the markets of the six-member Association of South East Asian Nations and to reduce their trade surplus. On Saturday, the foreign ministers meet some 300 chief executives from leading European and Asian companies to continue discussions.

**The Bolshoi Theatre's** postponed new season opens today, but is in jeopardy after President Yeltsin ordered the introduction of western-style contracts instead of lifelong tenure. Artists may strike in protest.

**Party conference:** One of the UK's most colourful political parties, the fringe Monster Raving Loony Party, holds its annual conference at a hotel in Ashburton, Devon.

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FRIDAY

## US-N Korea talks resume

The US and North Korea will resume high-level talks in Geneva on the terms of a deal by which Pyongyang would accept full nuclear inspections in exchange for improved relations with Washington.

North Korea would dismantle its current graphite reactors in return for the supply of safer light-water models. One difficulty, however, is that Pyongyang wants them to be Russian, while the US and South Korea want to supply a US-designed model.

Questions also remain about the disposal of the North's stockpile of nuclear fuel and about the means to determine whether Pyongyang has already built an atomic bomb.

**UK economy:** The markets will be focusing attention on the September CBI industrial trends survey.

The survey provides a snapshot of the mood of industry, because of its potential importance in monetary policy decisions.

Previous surveys have shown factory gate prices rising to levels last seen in late 1990.

Although output and prices balances are strong at the moment, a slowdown in consumer demand should allow both to fall back.

**FT Survey:** Venture and Development Capital and West End Property.

**Holiday:** Japan (Autumnal Equinox Day).

24-25

WEEKEND

## Bavarians go to the polls

Bavarians vote on Sunday to elect a state parliament; the last state election before the national elections on October 16.

The results are unlikely to give any further clues about the outcome of the latter, however. While the opposition Social Democrats have fought a spirited campaign, the Bavarians are likely to return the Christian Social Union with an absolute majority – as they have since 1962.

**President Boris Yeltsin** of Russia, together with Mr Andrei Kozyrev, the foreign minister, meets UK prime minister John Major and foreign secretary Douglas Hurd on what is forecast by Russian officials to be a "relaxed" visit – before heading the following week to the US for meetings with President Bill Clinton in Washington.

The issues will include: the state of the ceasefire in Bosnia; the upcoming summit of the International Monetary Fund; and Russia's plans for reform in the year ahead.

Mr Yeltsin and Mr Kozyrev have an agenda of their own – including pressure for the Conference on Security and Cooperation in Europe to take over many of the functions of Nato. Mr Yeltsin, who has been holidaying on the Black Sea, is expected to address the nation on Thursday before flying to London.

Compiled by Patrick Stiles and Martin Mulligan. Fax: (+44) (0)71 373 3194.

## ECONOMIC DIARY

## Other economic news

**Monday:** With the economic recovery in Japan still moving at a sluggish rate, growth in Japan's M2 money supply is expected to have remained steady at 1.9 per cent for August.

**Tuesday:** US international trade figures will be watched by markets fearing a widening of the monthly trade deficit following dollar weakness.

**Wednesday:** Analysts will take a primarily academic interest in the minutes from the July 28 UK monetary meeting between Kenneth Clarke, chancellor of the exchequer, and Eddie George, Bank of England governor, in view of last Monday's base rate rise.

**Friday:** The UK second quarter balance of payments will be viewed in the context of an excellent performance by invisibles in the first quarter, which is unlikely to be repeated in the second. The markets are expecting a £1.3bn deficit.

Also: The second quarter Japanese GDP figure is expected this week to confirm the view that the economy is slowly on the mend.

German consumer prices will be watched for signs of inflation, while the data on M3 money supply is expected to show slow growth.

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	Japan	Aug money supp (M2 & cash dep)**	1.9%	1.9%
Sept 19	Japan	Aug broad liquidity**	-	3.3%
	Canada	July manufacturing new orders*	0.8%	1.1%
Tues	US	July trade goods and services	\$9.3bn	\$9.4bn
Sept 20	US	July merchandise trade, census	\$12.9bn	\$13.2bn
	US	Sept, balance of payments	-	\$14.2bn
	US	July merchandise exports, census	\$42.8bn	\$42.8bn
	US	July merchandise imports, census	\$55.5bn	\$56bn
	US	Johnson Redbook, w/e Sept 17	-	4.2%
	Japan	Jul overall pers consump expend**	2.2%	-0.9%
	Japan	Jul overall PCE, workers**	-	0.5%
	Japan	July income, workers**	-	4.8%
	Japan	Sept wh'sale price index, 1st 10 days -	-	-0.1%
	UK	Aug M4*	0.4%	0.1%
	UK	Aug M4**	4.8%	4.8%
	UK	Aug M4, lending	\$2.2bn	\$2.4bn
	Canada	Jul merchandise exports†	-1%	8.2%
	Canada	Jul merchandise imports†	0.5%	2.6%
	Canada	Jul merchandise trade surplus	CS1bn	CS1.bn
	Canada	Jul wage settlement increases	0.3%	0.0%
Wed	US	Aug building permits	-	1.34m
Sept 21	US	Initial claims, w/e Sept 17	329,000	327,000
	US	State benefits, w/e Sept 10	-	269,000
	US	Aug treasury budget	\$24bn	\$33.2bn
	US	M2, w/e Sept 12	\$2bn	\$3.3bn

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Wed	France	Aug consumer price index*	-	0.0%
Sept 21	France	Aug consumer price index**	-	1.7%
(cont)	UK	Aug trade balance, ex EC	-\$500m	-\$318m
	Italy	Sept cons price index, cities*	0.2%	0.2%
	Italy	Sept cons price index, cities**	3.8%	3.7%
Thur	France	Aug household consumption*	0.3%	0.3%
Sept 22	Sweden	Jul current a/c	SKr1.7bn	SKr0.0bn
Fri	France	Jul trade balance†	FFr6.5bn	FFr6.3bn
Sept 23	UK	2nd quarter GDP, final***	1%	1%
	UK	2nd quarter GDP, final***	3.7%	3.7%
	UK	2nd qtr real disposable income***	-	0.7%
	UK	2nd qtr real disposable income**	-	1.4%
	UK	2nd quarter savings ratio	9.9%	10.4%
	UK	2nd quarter balance of payments	-\$1,300m	-\$2700m
During the week...	Japan	2nd quarter GDP†	0.5%	3.9%
	Japan	Sept trade balance, 1st 10 days -	-	\$1.5bn
	Germany	Aug producer prices index*	0.0%	0.1%
	Germany	Aug producer prices index**	0.5%	0.4%